

TRUSTEE BOARD'S REPORT AND ANNUAL ACCOUNTS.

Institution of
**MECHANICAL
ENGINEERS**

01 January 2024–
31 December 2024



Improving the world through engineering

imeche.org

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President's statement

Dr Clive Hickman
OBE CEng FIMechE

**139th President of
the Institution of
Mechanical Engineers**

Engineering is core to solving the global challenges we face today. Our Institution continues to support the valuable work of our members in rising to those challenges, and I am proud to be part of that engineering community. As an institution we must innovate, strive to overcome the challenges we face, be relevant and grasp our opportunities.

When I was elected President, I knew it would be a busy year. My priority was improving the financial sustainability of our Institution, and I am pleased to report that we are making progress, but there is still more to do. We are looking at our costs to make sure we're using resources efficiently, whilst also looking to improve the standards of service we provide for our members.

We have sold IMechE Argyll Ruane and prepared Sonaspection for sale (completed in February 2025), so that we could focus on activities closer to our mission and purpose.

To further reduce our financial liabilities, a group of our volunteers and staff, led by Past President Isobel Pollock-Hulf, have been working to safeguard the future of the IMechE Pension Fund. This has enabled me to sign an agreement to move towards achieving our long-term strategy for the Pension scheme.

We have also been working hard to improve our policies and procedures, and I would like to thank Past President Carolyn Griffiths for her support on this initiative. There is more work to do but we are making considerable progress.

Transformation is central to our global, inclusive, and digitally enabled engineering community. We are investing in advanced digital tools which will help to provide seamless services and make access to IMechE's resources easier.



There is still more to do on our HQ as we resolve the best solution for our Institution, and I am hopeful that we will be able to move forward positively in 2025.

As President, I had the pleasure of connecting with our wider engineering community through a number of exciting events:

- Formula Student and the Railway Challenge, where student participation reached record levels.
- Presenting the Engineering Heritage Award to Trinity College Dublin for Py-rac-mon steam locomotive model.
- Regional events, including an insightful Christmas lecture in the Western region on space travel, and a fabulous trip to Hull to meet members from our Yorkshire division.
- Hosting a dinner in Lisbon for members of our Iberia Group.

I sincerely appreciate the support and collaboration of our members and staff during my tenure. The road ahead is one of resilience, progress, and innovation. With a clear vision and strong action, IMechE is in a great position to create a sustainable future – one that respects our rich engineering history and welcomes new opportunities.

A handwritten signature in blue ink that reads "Clive Hickman".

Dr Clive Hickman OBE

Chief Executive's statement

Dr Alice Bunn
OBE CEng FIMechE FRAeS

I am pleased to provide some of the key highlights for IMechE in 2024, as well as share with you some areas of continued focus and improvement.

Aligned with our purpose to provide opportunities for the engineering community to develop skills, knowledge, and professional practice, we were delighted that our Learning and Development division of our PEP subsidiary saw strong results in 2024, with 10% revenue growth to £3M and, with our Events team, contributing to approaching 20,000 learning days. Now more organisations than ever rely on IMechE's programmes, which provide lifelong learning opportunities for members and our wider community.

Further aligned with our purpose to engage with society and governments to leverage engineering innovation for sustainable economic development, there were outstanding contributions from an enhanced policy team and members working together. With over 200% increases in both the number of key influencing events and IMechE policy report citations. Notably, our response to the 'Invest 2035: the UK's modern industrial strategy' green paper highlighted the crucial role of engineering in developing national policy.

To foster future engineering talent, we partnered with BBC micro:bit to launch a primary school design competition, supported by 250 member volunteers.

February saw us celebrate the 100th anniversary of Verena Holmes being the first woman to become a member in 1924. This milestone event was a tremendous success and laid the foundation for our new annual inclusivity initiative, 'Engineering needs everyone'. Personally, I was delighted to support the Speak Out for Engineering competition finals. Held in Dubai, it brought together participants from across the world. It provided our younger members with opportunities to hone their communication skills, which are so important for engineering careers.



Last year I reflected concern at the low participation in our Trustee Board and Council elections. This year we were encouraged that there was a near doubling of voter turnout, reversing a longstanding trend. I also expressed concern at the underspend in funding for member networks. Whilst we have seen a modest improvement, we remain committed to continuing the necessary efforts to provide the best value to our members.

2024 saw continued progress in tackling our legacy financial issues, refocusing work on our core mission, although charity operations were loss-making in 2024. We are taking action to return to an operating break-even, and are projecting a surplus in 2026 and beyond to redeploy on accelerating strategy delivery.

Finally, there has been a continued focus in 2024 to determine the long-term solution for our headquarters. Considerable work has gone into assessing future-proof, financially viable solutions, all of which must include an appropriate long-term refurbishment fund as well as support for ongoing maintenance costs. I would like to thank you for your engagement in the first vote, and appeal for your continued engagement in future votes as this work continues in 2025.

Together, we are shaping the future of engineering for the benefit of society, and I look forward to another year of progress and innovation.

A handwritten signature in blue ink that reads "Alice Bunn".

Dr Alice Bunn OBE

Our mission:

— Improving the world through engineering —

Our purpose

1.

Provide opportunities

for members and the wider engineering community to develop their knowledge, skills, expertise and professional practice.

2.

Maintain and enhance the professional status

of mechanical engineers by assessing applications for registration, accrediting educational courses and by encouraging professional practice and behaviour.

3.

Develop the pipeline of talent

for the future of the engineering profession by informing, motivating and supporting the success of children, young people and engineering students and apprentices.

4.

Engage with governments and society

so that informed decisions can be made and to identify areas where engineering innovation can improve the world through sustainable economic development.

Our values

Our work is underpinned by four core values that define how we operate:

Impact

We make a difference in what we do, taking accountability and ownership for meeting our commitments, and making things happen by succeeding together and excelling as individuals.

Integrity

We do the right thing for IMechE and for one another by being honest, truthful, and authentic, acting with integrity in every decision and action we take.

Innovation

We find better ways to get things done, innovate to solve problems, drive change, and move our mission forward by making tomorrow better than today.

Inclusion

We work together as one inclusive team, valuing and embracing diversity by communicating and sharing openly, listening actively to others, and celebrating our unique contributions.

Our core principles and strategy

Our vision:

— A global, inclusive and digitally enabled engineering community —

Our vision is to build a global, inclusive and digitally enabled engineering community, empowering engineers to address the challenges of today and shape the solutions of tomorrow.

Our strategic goals

To deliver our mission and purpose, IMechE's strategy focuses on two key goals:

Membership development

Developing, registering and supporting our members and the wider engineering community to be their best, ensuring an inclusive and sustainable future.

Impact

Maximising the influence of our community to promote engineering, inform public and industry opinion, and stimulate innovation for the benefit of society.

Purpose 1

We provide opportunities for members and others in the wider engineering community to develop their knowledge, skills, expertise and professional practice.

In 2024, we:

Gave our global engineering community more chances to learn, grow professionally and collaborate with others in industry. We attracted

10,686 attendees to a community programme of 62 technical lectures, seminars and networking events,

through the technical strategy programme. Our member networks organised a diverse range of local activities including lectures, site visits and networking events around the world. In 2025, we will take steps to better quantify the activities of our member networks and their impact.



Launched our Early Careers Development Programme

which offers structured training and a professional registration framework, and helped early-career professionals gain confidence, develop new skills and advance in their careers.

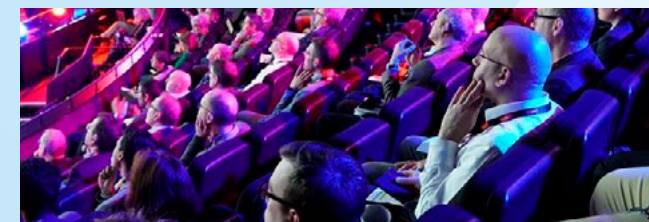
Helped 550 mentors

to stay informed, connected, and effective in guiding engineers through professional registration at 10 Mentor Forums. These forums enhanced member engagement and skills, fostered community by linking members with volunteering roles, and showcased career advancement stories that highlight the impact and value IMechE brings to its membership.

Broadened access to engineering knowledge and professional development opportunities by

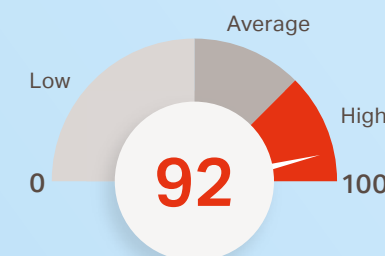
delivering 18,833 days' worth of learning

events, training and webinars for members and non-members.



Supported 143 engineering organisations

with tailored training to improve their workforces' skills.



Our training programmes received positive feedback, with a

92% customer satisfaction

rating and a Net Promoter Score of 39, showing that they were relevant and valuable to our members. We will be working on using a similar metric to assess the performance of our events in 2025.

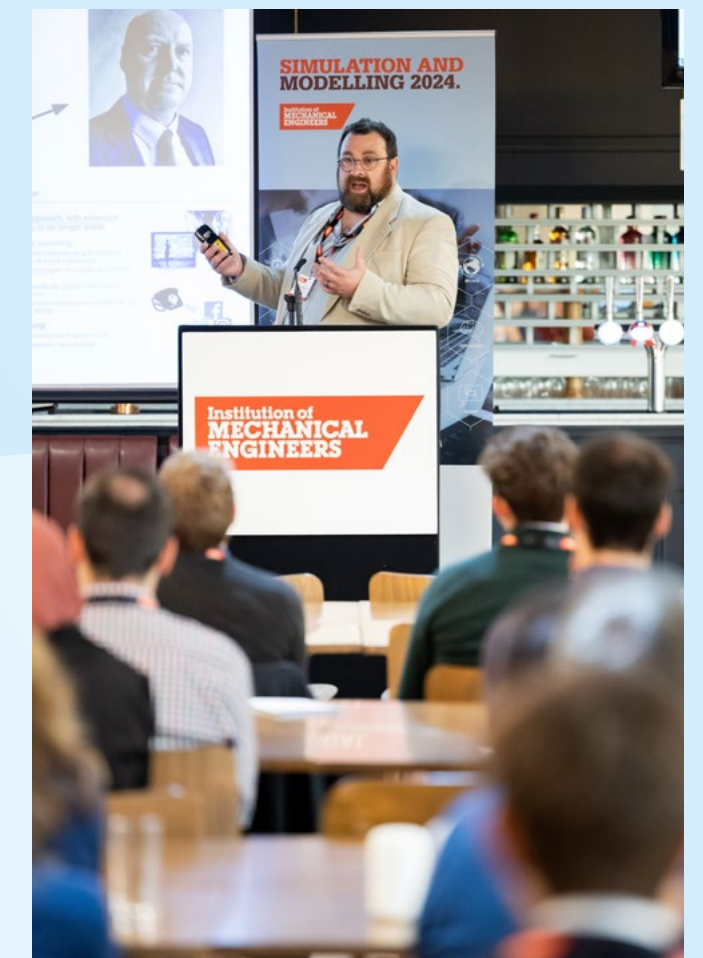
Helped build technical expertise and professional skills

through over 400 training courses and events. To keep up with the changing demands of the sector by across the UK we developed new ones in hydrogen, artificial intelligence and thermodynamics.

Made it easier for our members to access world-class resources. Our online engineering library supported the



development of knowledge and professional practice with 350,772 downloads.



Purpose 2

We maintain and enhance the professional status of mechanical engineers by assessing applications for registration, accrediting educational courses and by encouraging professional practice and behaviour.

In 2024, we:

Conducted reaccreditation visits in Oman and Malaysia

at the Military Technical College and Nottingham University campus, respectively. These visits provide assurance to students, parents and employers, while supporting the global quality of engineering education.

Signed a Memorandum of Understanding with the Institute of Engineers Singapore (IES) to work together and to participate in each other's engineering events. This partnership allows us to

promote engineering in the Singapore region

and collaborate on leading, developing and implementing membership standards and accreditation programmes.

Saw our Japan Panel become a full member of the Japan Federation of Engineering Societies (JFES). They hosted seminars promoting Chartered Engineer status and organised climate workshops that

attracted over 70 professional engineers in Japan.



Helped 37 new employers provide their staff with access to membership and professional registration opportunities. Our Membership Partner Programme

helped workforces enhance skills, achieve professional qualifications, and contribute to industry excellence.



Supported and guided 2,792 individuals through their professional registration process

to become EngTech, IEng and CEng with the Engineering Council. This reflects our commitment to upholding professional standards and strengthening the engineering workforce.

Continued our support for the apprenticeship community through the expansion of our End Point Assessment (EPA) standards portfolio, gaining Ofqual recognition to deliver EPA for the Level 3 Machining Technician apprenticeship. This gives more apprentices

a clear, accredited path to skilled jobs and career advancement.



Carried out over 1,960 interviews by 550 professional review panels globally

for new Chartered and Incorporated Engineers. Our volunteer assessors are a dedicated network which keep high professional standards while recognising and developing engineering talent, and without them we could not achieve this.

Expanded our members' Continuing Professional Development (CPD)

through online sessions and in-person workshops, encouraging them to learn from each other and develop skills alongside sector experts.

Enhanced our support for current Armed Forces personnel and those transitioning to civilian careers by re-approving two of our Armed Forces Special Application Processes (SAP).

These streamlined processes

recognised the value of military training in achieving professional registration.

Purpose 3

We develop the pipeline of talent for the future of the engineering profession by informing, motivating and supporting the success of children, young people and engineering students and apprentices.

In 2024, we:

Brought engineering into schools

and particularly to girls and young women through our support of the Primary Engineer outreach project. 50% of the students participating were girls and women, while women working in engineering in the UK is only around 16% (source: EngineeringUK, 2023). Teacher engagement increased by 82% and over 35,000 pupils were introduced to careers in engineering.

Inspired young people and supported teachers

to help address the UK's engineering skills shortage.

Our regional educational volunteers participated in the national Big Bang Fair, which saw 20,700 young people from 352 schools and 2,419 teachers attend, with 55% of schools meeting EngineeringUK's Equality, Diversity and Inclusion criteria.



Launched the Virtual Work Experience (VWEX) programme



in June 2024, which has the highest sign-up (3,291 students) and completion rate (363 students) on the platform. The highest completion rates were in the East Midlands, Wales and the North-East and we also attracted international students from Europe, Asia, Africa and the Middle East.



Awarded 265 student recognitions and supported teams in Formula Student and the Railway Challenge. The Whitworth, Undergraduate, and Clive Hickman First Year Undergraduate Scholarships provided vital financial aid to students. We also

widened student access to engineering

by allocating £24,000 in educational awards through our General Trust Fund.

Sponsored nine women role models

to complete the STEMazing programme. At the midway point of the programme, a total of 1,026 STEM engagements were delivered in 8 schools, reaching 130 girls, 47% of the total number of children.

Supported the BBC Schools Tour, where four of our members provided

invaluable insight and inspiration for students

to take into their future careers. The Tour has reached over 120,000 secondary school students across 152 schools since September 2024, and garnered positive feedback from school staff and students.



Provided opportunities for hands-on experience, inspiring and supporting the essential pipeline of engineering students and apprentices through our five annual challenges. Together, these challenges

engaged 3,739 students and apprentices, with 53 teams from 23 countries participating.

Over 2,000 spectators and 600 volunteers supported us, further highlighting our contribution to the growing interest in engineering and encouraging a strong community of innovation and learning.

Supported our members to deliver our global-outreach work.

Automotive workshops were held in Ningbo, China for secondary school students, and a solar-powered toy car workshop was delivered to 80 primary school students in Hong Kong. Our global outreach work fosters creativity, teamwork, and problem-solving skills and explores renewable energy and engineering principles.

Bolstered the graduate talent pipeline into the automated mobility sector by developing the Artificial Intelligence category of Formula Student, FS-AI. We

secured funding from Centre for Connected and Autonomous Vehicles (CCAV)

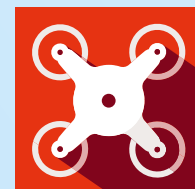
to support a record number of participants (444) across 20 teams and doubling the vehicle fleet. 13 successful entries were made in the notoriously challenging dynamic autonomous driving tasks, representing a significant improvement on previous years.

Partnered with the UK's Department for Education to amplify our efforts to

boost the pipeline of STEM teachers.

We promoted the Teach in Further Education programme, encouraging engineers to teach part-time alongside their careers. We supported the department's Engineers Teach Physics Initial Teacher Training (ITT) programme. Between the partnership, we improved the physics knowledge of 72 trainees (including 60 from outside the UK), and built a community among those who may not have considered themselves suitable to physics — a fundamental engineering course.

10 years



Achieved the highest number of teams ever

to participate in our Unmanned Aerial System and Apprentice Automation Challenges, which also celebrated their 10th anniversaries.

Purpose 4

We engage with governments and society so that informed decisions can be made and to identify areas where engineering innovation can improve the world through sustainable economic development.

In 2024, we:

Published four policy reports to support engineering policy development in the UK

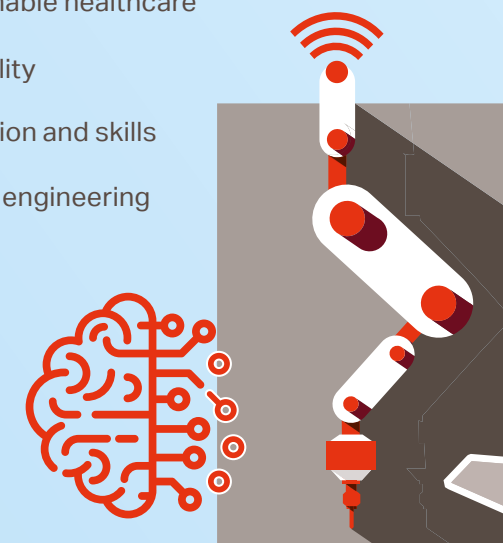
and internationally. These reports provided valuable evidence from our Technical Strategy Board and expert member committees. They cover Sustainable Healthcare, Sports Venues, Engineering Skills, and Engineering Policy Priorities for the 2024–2029 UK Parliament.



Championed engineering innovation

for sustainable economic development across key policy areas, including:

- Sustainable energy/Net Zero
- Transport/rail reform
- Rapid power grid decarbonisation
- Artificial Intelligence
- Sustainable healthcare
- Air quality
- Education and skills
- Sports engineering



Expanded our policy influence beyond Westminster

by hosting high-profile events with policymakers in Scotland, Wales, and Northern Ireland, including an NEPC education event with Lord Blunkett. We also strengthened international ties by co-hosting a climate adaptation event with German counterpart VDI at the British Embassy in Berlin. These events are key to our goal of shaping government policy and to collaborate with industry.

Contributed our members' expertise to eight political consultations and inquiries.

Our involvement in key discussions on energy, education, industry, and infrastructure included parliamentary reviews, roundtables, panels, reports, events, and submissions to Budget proposals.

Responded to the UK Government's Green Paper Invest 2035: the UK's modern industrial strategy with a full consultation, in collaboration with the Technical Strategy Board and Education and Skills Strategy Board. We then published Engineering the UK's Future, a report that

emphasised the critical role of engineering to the UK's economic success.

We called for investment in skills and infrastructure to support an economically sustainable future.

Launched a new policy group to position IMechE as the leading professional engineering institution in Sports Engineering

and build on the insights from our 2023 report. This development places the Institution in the best position to promote sports engineering through events, policy initiatives and advocacy.

Created policy panels in two of our priority areas: Climate Change and Sustainability, and Future of Transport.

They offer opportunities for our members to influence policymakers and contribute to a sustainable future for society.



Membership development

Developing, registering and supporting our members and the wider engineering community to be their best, ensuring an inclusive and sustainable future.



Population

We want to achieve sustainable growth in our professional registration membership.

Members that voluntarily cancelled their membership (PI1)

2024

4,395^{*}

2023

4,056

Professional registrations (PI2)

2024

2,792

2023

2,668

Satisfaction

We want to have satisfied and engaged members.

Active volunteer members (PI3)

2024

5,217^{**}

2023

6,006

Eligible members voting in elections (PI4)

2024

6,221

2023

3,427

Diversity

We want our membership to reflect the diversity of society.

Members outside the UK (PI5)

2024

30.0%^{***}

2023

31.5%

Women members (PI5)

2024

12.2%

2023

11.5%

In 2025, the following performance indicators will change to better reflect our work on the strategy. PI1 will now track our membership retention rate, including both UK and international member grades, instead of just focusing on those who are lapsing.

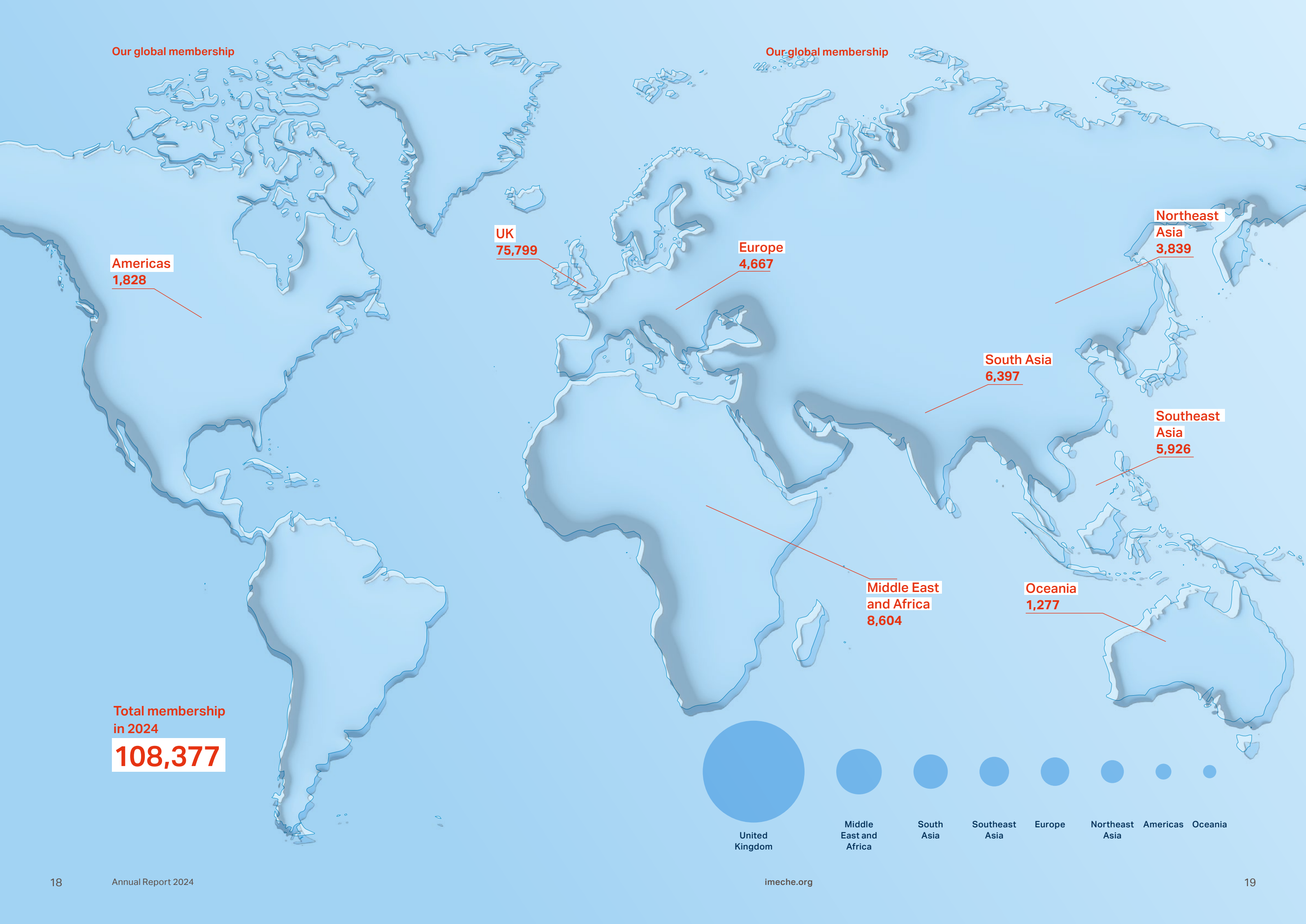
PI2 will measure the percentage of free affiliate members who progress to corporate membership, showing our efforts and importance of engaging the next generation of engineers.

PI5 will track the retention rate of our worldwide membership, giving us a clearer picture of the strength of our global networks.

^{*}In 2024, total membership decreased by 1.9% to 108,377, mostly due to a slight decline in International Affiliate numbers and a 0.6% increase in member lapsing rates compared to 2023.

^{**}This decrease reflects a review of volunteers who have not been actively engaged in IMechE activities over the past two years. This is part of our ongoing efforts to maintain an accurate record of active volunteers and build a more engaged and responsive volunteer network. We continue to welcome and encourage new members to our volunteer community.

^{***}Membership outside of UK has declined due to reduction in the number of International Affiliates.



Impact

Developing, registering and supporting our members and the wider engineering community to be their best, ensuring an inclusive and sustainable future.

Learning

We want to increase the amount of life-long learning we support

Days of learning events attended (PI7)

2024
18,833

2023
16,583

Influence

We want to be a trusted point of reference for policymakers, industry, and current and future engineers

Key influencing events (PI8)

2024
55

2023
40

IMechE policy report citations (PI9)

2024
6

2023
5



Impact

Reach

We want to increase our reach to extend the expertise of our employees and members

Website interactions (PI10)

2024
2.4M*

2023
2.4M

Digital downloads (PI11)

2024
72,697**

2023
72,586

Press references (PI12)

2024
162

2023
119

Social media audience (PI13)

2024
597,687

2023
594,559

In 2025, the following changes performance indicators will change to better measure our reach and impact on the wider engineering community. PI10 will focus on the number of website visitors, giving us a clearer idea of how well we are attracting a broader audience. PI11 will track the number of views of our engineering-related content, helping us understand and adjust its relevance to the engineering community. PI12 will shift to measuring social media engagement by reach, so we can better understand how the engineering community interacts with us on social platforms. Finally, PI13 will focus on the number of press references in target publications, ensuring we are reaching not just any audience, but the right one.

***Pro-rata calculation based on 10 months of data (2,028,322 website interactions and 60,581 PDF downloads). We had a technical issue recording data in October and November. These months are usually busier, so the totals may be lower than expected. Additionally, as we're moving away from PDFs to more user-friendly formats, the figure reported may not reflect full engagement.

Sustainable finances

Membership income

We want our membership income to support our strategic goals

Membership income (PI14)

2024
£14.7M^{*}

2023
£13.7M

Income diversity

A greater spread of income increases our resilience and supports our charitable objectives

Unrestricted revenue from non-subscription sources (PI15)

2024
46%^{**}

2023
42%

Free reserves

Our free reserves should enable us to cope with financial shocks and take advantage of opportunities

Free reserves (PI16)

2024
£8.7M^{***}

2023
£7.8M

In 2024, we have begun making structural and process changes to our finance function to make sure IMechE is set up for future success. Our goal is to create a more efficient and resilient financial model by improving oversight, stability, and long-term efficiency.

As part of our efforts to simplify our business model and better align our operations with our purpose, we completed the sale of IMechE Argyll Ruane (our non-destructive testing training business) in August 2024. This was followed by the sale of Sonaspection in February 2025. We have also simplified our intercompany structure.

^{*}Membership income is up £1m or 7.1% in 2024, all of which is the result of the increase in the subscription fee, consistent with the increase in the Consumer Price Index.

^{**}Income diversity increased to 46% compared to 42% in 2023. This is mainly due to strong revenue growth in Learning and Development driven by customer expansion as well as new programme offerings.

^{***}The increase in free reserves continues the steady trend in growth since 2020. The increase in 2024 is the result of there being more net working capital (predominantly cash as per note 26) and to a lesser extent, the £0.3M increase in unrestricted investments.

Organisational health

In 2025, we will introduce performance indicators to better measure our organisational health. These will focus on key areas such as employee and volunteer retention, recruitment efficiency and productivity.

Additionally, we will assess employee and volunteer development, performance, culture, and behaviour, alongside overall satisfaction and engagement. These indicators will guide our decision making and foster a thriving, high-performance culture.



Operational efficiency and continuous improvement

In 2024, we continued to work on improving operational efficiency and enhancing communications, governance and customer experience, in order to remain adaptable and better positioned to deliver value to our members and stakeholders.

Enhancing our digital capability

We continued working to make sure our technology supports IMechE's long-term goals. Two major projects took place to enable the delivery of the Digital Strategy introduced in 2023:

- The move of key servers from HQ to a data centre, making several member-facing systems more reliable, scalable, secure and efficient, and our website more stable.
- The mapping of most of our current systems and processes to help identify inefficiencies, optimise routines and improve data integration across departments. This exercise has already seen immediate improvements, but a lot more needs to be done. Mapping out how we work is the first step in our plan towards more technology-enabled ways of working.

Strengthening our governance

We made significant improvements to strengthen governance and improve efficiency. We updated and introduced a number of policies to meet best practice and legal requirements, and created a centralised policy library for easier access, updating and management of policies. A new Complaints Procedure was introduced to provide a clear, fair process for handling grievances, promoting transparency and accountability.

We introduced a new Risk Management System and improved risk benchmarking and other internal processes to better identify and manage risks, helping protect the organisation. We also standardised procurement processes and centralised contract management to enhance oversight and compliance.

Following the Summit in November 2023, where senior volunteers and employees discussed key challenges and opportunities, the Summit Steering Group (SSG) oversaw the progress. One of the Summit's task and finish groups refined the Institution's purpose, resulting in the purpose statements highlighted throughout this report. The Summit also prompted the creation of a Communications Forum to improve communications between Operating Boards, Trustees and the Executive Team. Additionally, a review of the Council's Terms of Reference led to approved updates, now in effect, with further revisions expected as governance structures evolve.

Work will continue into 2025 on other key areas, including the operating model and management system, to ensure our structures are efficient and aligned with both our charitable objectives and the needs of our members.

Improving communications and member experience

We have taken steps to improve our communications and brand visibility, and enhance the experiences of our members:

The Communications Forum was established based on feedback from the Summit, to discuss and communicate issues impacting the Institution. This forum is chaired by the CEO and brings together the chairs of Operating Boards and the Executive Team to share ideas, address concerns and explore new opportunities.

A comprehensive survey for both current and past members was undertaken to better understand the experiences, needs, and expectations of our community. With the highest response rate ever seen for an IMechE survey, the results will help us improve and tailor our services, focusing on the areas that matter most to our members. The feedback gathered will also guide future initiatives, ensuring that we continue to meet the evolving needs of our global engineering community.

The Marketing and Communications department was reorganised to strengthen our voice and better communicate with our members and customers. New teams were created to build a stronger brand, make better content, and boost public relations for IMechE. We combined product marketing teams to streamline promotional and engagement efforts, and processes and systems are also being optimised to create capacity to better support IMechE's core capabilities.

Learning and development events and courses are now managed by one department, with the aim to offer more cohesive and relevant professional development opportunities and clearer experiences to both members and employers.

Developing our workforce and performance

Overall staff turnover has stayed stable, showing our commitment to improving how we work and creating a better environment for the team. To boost productivity, we ran workshops for managers to help tackle issues such as staff absence and to encourage a more proactive approach to performance management.

Alongside these workshops, we introduced several performance improvement initiatives to help with staff development. We also updated many of our people policies, including the introduction of hybrid working, to provide clarity in approach and improve collaboration. We made changes to our induction process, rebranding it #WeAreIMechE, to welcome new employees with an experience that is more effective and better reflects our values and culture.

These initiatives were implemented alongside other major projects, such as the resource-intensive sales processes involved in the divestment of two commercial entities and the hard work that went into securing our Investors in People (IIP) accreditations.

Deciding the future of our headquarters

The Headquarters Sponsor Board (HQSB) was established in August 2024 to oversee the Headquarters Programme. This builds on the valuable work started in 2011 to review the Institution's headquarters requirements. The goal is to ensure the headquarters not only meets current needs but also supports IMechE's future growth, stability and purpose.

Working closely with the Trustee and Governance Boards, the Council Leadership Committee, the Executive Team and independent consultants, the HQSB has led a thorough and structured process. This has included identifying and evaluating all viable options for the future of the headquarters.

A key milestone was reached at a Special Meeting on 27 January 2025, where members voted in favour of a resolution to begin marketing the headquarters building.

Progress on the programme continues to be shared with members through various channels, including global member webinars and a dedicated HQ Programme platform available via My Account.

Plans for the future

In 2025, IMechE's focus is on strengthening financial sustainability, increasing efficiency, investing in digital transformation, and celebrating engineering excellence.

These efforts will ensure the Institution remains resilient, relevant, and impactful for its members and the wider engineering community.

Securing long-term financial sustainability

- Identifying a headquarters that is fit for the future, ensuring financial and operational viability.
- We have committed to the buy-out in July 2025 of the defined benefit pension scheme to reduce financial risk and strengthen long-term stability.

Maximising efficiency to deliver our purpose and strategy

- Continuing to simplify our finance function post-sale of our trading entities to ensure a leaner, more effective operation.
- Working with members and staff across boards and committees to identify cost savings and implement new, more efficient ways of working.

Business transformation and digital enablement

- Continuing our commitment to invest in digital transformation by mapping and understanding current systems and processes so we can transition to simpler, digitally enabled ways of working.
- Introducing new member services and improving customer experience.

Celebrating engineering successes and inspiring future generations

- Revamping our prizes and awards programme, consolidating multiple schemes into fewer, more impactful initiatives that align with our purpose.
- Expanding recognition opportunities across the engineering sector, including the landmark 200th anniversary of the railways.

Reviewing our high-level operating model

- Ensuring our structures and governance are simplified, transparent, and effective, supporting both members and staff in delivering IMechE's purpose.
- Improving the volunteering experience by providing better opportunities for collaboration, professional development, and contribution to the engineering community, which will enhance IMechE's support for professional registration, the next generation of engineers, and engineering policy engagement.

Volunteer engagement

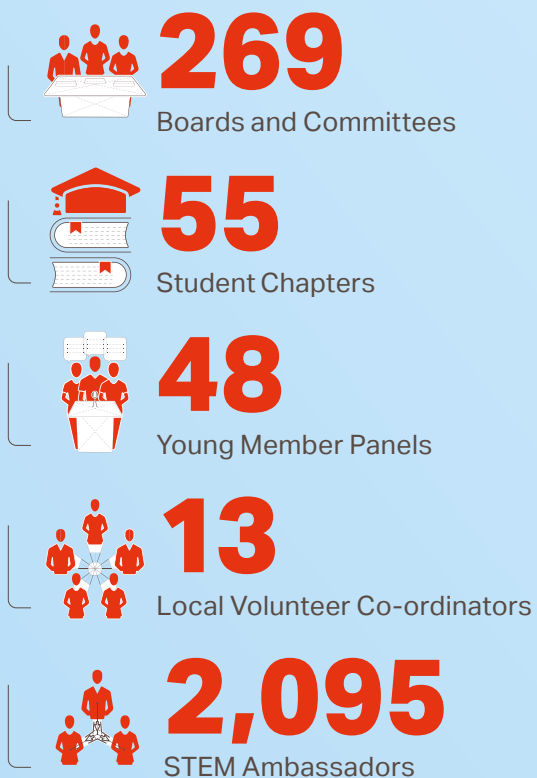
IMechE relies on a diverse and dedicated network of volunteers who play a crucial role in delivering our charitable objectives. They significantly enhance IMechE's ability to support the engineering community, drive innovation, and inspire future generations.

In 2024, the contributions of 5,217 active volunteers spanned across essential roles, including:

- Governance, ensuring effective oversight, strategic direction, and accountability.
- Professional registration, supporting assessment panels, mentoring applicants, and maintaining professional standards.
- Regional and international engagement, connecting IMechE with engineering communities worldwide and organising events and outreach activities that foster professional development and networking.
- Technical and advisory support, contributing expertise to industry discussions, thought leadership, and best practice guidance.
- Education and STEM outreach, inspiring the next generation of engineers through engagement with schools, universities, and apprenticeship programmes.

Volunteers extend IMechE's reach far beyond what staff alone could achieve, and every contribution is valued. We are working continuously to improve the level of support for our volunteer communities.

Our volunteer network includes:



We are deeply grateful for the dedication of the thousands of members worldwide who generously give their time to support the Institution's activities. Their contributions are invaluable to the success of our mission.

Upgrading the volunteer experience

In 2024, IMechE continued to take steps to improve the volunteer experience, striving to help those who contribute their time and expertise to feel supported, connected, and valued. We:

- Launched a new mass email system, so that volunteers can connect with their communities and still be GDPR compliant. By the end of the year, 412 email newsletters were sent via the new system to members across the globe. We continue to work on minimising some technical limitations in 2025.
- Integrated the Committee Management Hub, facilitating the management of membership across IMechE's Boards and Committees. It supports staff and volunteers in onboarding and offboarding committee members, granting access to tools and services, and providing essential training. By the end of 2024, the Hub listed 3,202 committee positions across the volunteer network.
- Strengthened governance and coordination across the global volunteer network, through regular online and in-person meetings. Volunteers in 337 groups held an estimated 1,300 meetings in 2024, fostering collaboration and alignment. The Member Networks staff team provided support for 52 Boards, Committees, and Sub-Committees, assisting with 200 meetings. Additionally, the team served as a point of contact for 277 committees and individual representatives, attending 60 further meetings to provide guidance and support.

Looking ahead

In 2025, we will continue working to enhance the volunteer experience by focusing on:

- Strengthening recognition efforts, ensuring that volunteers feel valued for their contributions.
- Expanding engagement opportunities, making it easier for volunteers to get involved in ways that align with their skills and interests.
- Improving access to resources and training, providing volunteers with the tools they need to be effective in their roles.

We are investing in the volunteer experience to improve the level of support we offer our volunteers. We encourage them to flourish through more rewarding and impactful engagement.



Employee engagement

In 2024, we continued to build a supportive, inclusive, and high-performing workplace. We strive to make employees feel valued, engaged, and empowered to contribute to our mission. A key part of this commitment has been fostering a culture where employees and volunteers work as one team, collaborating to drive IMechE's vision forward.

83% of employees consider IMechE a great place to work

Through embedding our core values in daily practices, we continue to invest in the right culture, one that supports professional growth, shared purpose, and innovation. By ensuring employees feel empowered and connected to IMechE's mission, we are building a workplace where people can thrive, contribute, and make a meaningful impact.

Training and development

We are committed to supporting our employees' growth and career progression, equipping them with the skills and knowledge needed to succeed and contribute to IMechE's long-term success. In 2024, we:

- Facilitated training sessions, covering professional skills, technical knowledge, and leadership development.
- Provided various development opportunities, with several employees participating in external training programmes to enhance their expertise.
- Offered a mix of in-person, virtual, and on-demand learning resources to ensure accessible and flexible development.

Investors in People Gold Accreditation

Our dedication to employee development, strong leadership, and workplace culture was recognised as we proudly renewed the Investors in People (IIP) Gold Accreditation. Investors in People accreditations are recognised around the world, making them the global benchmark when it comes to people management. The IIP report highlighted:

- 83% of employees consider IMechE a great place to work, reflecting a positive and engaged workforce.
- A strong commitment to equality, diversity, and inclusion (EDI), with our values being embedded and recognised as authentic.
- A work environment that supports professional growth, collaboration, and employee wellbeing.

INVESTORS IN PEOPLE®
We invest in people Gold

Looking ahead

As we move forward, we remain committed to enhancing employee engagement, embedding our values, and strengthening collaboration between employees and volunteers. We are developing a Management Development and Leadership Programme set to launch in 2025 to equip current and future leaders with the skills, confidence, and insight needed to effectively lead, manage and build high-performing teams.

Investors in Wellbeing Silver Accreditation

Recognising the importance of employee wellbeing, we introduced new initiatives to support mental, physical and emotional health, such as a dedicated wellness room for employees. These efforts contributed to achieving the Investors in Wellbeing Silver Accreditation, reinforcing our commitment to creating a workplace where people feel supported.

INVESTORS IN PEOPLE®
We invest in wellbeing Silver

We are building a workplace where people can thrive, contribute, and make a meaningful impact.

Environmental commitments

At IMechE, we are committed to reducing the environmental impact of our operations.

At our headquarters, a heritage building, we are limited in how much we can do to reduce our carbon footprint without significant investment. While we wait for the decision on the future of our headquarters, however, we continue to make improvements within these constraints.

In 2024, we reduced the volume of waste we sent to landfill and extended our daily refuse contract to a contractor with a zero-to-landfill policy. Additionally, we continued to work with a clearance company that recycles and reuses most of our unwanted items.

We have also made significant reductions in our energy consumption. In 2024, our annual electricity consumption reduced by 12.36% and our gas consumption reduced by 7.19% compared to 2023.

In 2024, our annual electricity consumption reduced by 12.36% and our gas consumption reduced by 7.19% compared to 2023.



Social responsibility

Culture and inclusion

IMechE's culture supports our employees and community to feel valued, included and empowered to thrive. To foster a sense of belonging, we embed inclusion into our operations by celebrating inclusion moments during meetings and making training available to our community. Our communications are regularly reviewed to make sure they meet accessibility standards.

By the end of 2024, 500 people had completed our Creating Inclusion learning programme, which is free to members, employees and the engineering community, and covers topics such as inclusive leadership, and disability inclusion.

We continued our collaboration with the Women's Engineering Society (WES), the Association for Black and Minority Ethnic Engineers (AFBE-UK), SheCanEngineer, and the Business Disability Forum.

We participated in our partner conference, AFBE-Live, to engage the community of black and ethnic minority engineers. We supported 40 members to sign up to the WES mentoring scheme, either as mentor or mentee. We also hosted a variety of events, including Pride, Black History Month, and the International Day of People with Disabilities. A multi-faith room was created at our headquarters to support the diverse needs of our employees, members and other visitors.

The Culture and Inclusion Committee worked with volunteer groups to align our initiatives and processes with our values. This encourages our members and volunteers to consistently live our values. In turn, this helps people to feel welcome and engaged, whether employee, member or volunteer.

We launched the Culture Ambassador Network to champion our values. Our ambassadors act as the voice of the membership and employee community.

The Verena Holmes Anniversary and Networking Event celebrated the contributions of women in the engineering profession and laid the foundation for our new annual inclusivity initiative, 'Engineering needs everyone'. While marking the centenary of Verena Holmes being the first woman to become a member of IMechE, we hosted a mentoring workshop with WES, an evening lecture and panel discussion, and a networking reception. A portrait of Verena Holmes was unveiled and now hangs at our headquarters.

Refugee support

IMechE aims to assist refugees in resettling and rebuilding their personal and professional lives in the UK. We provide two years of free Affiliate membership to engineers holding recognised refugee status. To date, we have welcomed five engineers through this programme.

Educational access and support

IMechE supports access to engineering education by offering scholarships, financial assistance, and awards to students and early-career professionals. These opportunities recognise potential, reward achievement, and promote greater equity across their learning journeys.

By investing in education, we contribute to a more inclusive and resilient engineering workforce.

Employee gender pay gap

Although not a requirement for organisations of our size, we publish employee gender pay gap information every year as part of our commitment to our values. In 2024 at IMechE, men were paid on average 10.72% more than women, a decrease from 13.3% in 2023. This gap is due to men representing 58.42% of the employees in the upper two quartiles in 2024, compared to 58.80% in 2023. Women made up 42.37% in these quartiles in 2024, up from 42% in 2023.

When considering the median pay gap between men and women (both in the midpoint of the employee range), the difference was relatively small at 16p per hour (16%). Overall, there were more women than men in employment. While women occupied more roles in the lower two quartiles, they still made up a significant proportion of employees in the upper two quartiles.

Governance commitments

Governance and Charity Law compliance

IMechE takes its responsibilities and duties seriously as a large charity. We continue to strengthen our governance framework to ensure full compliance with statutory and regulatory obligations.

In 2024, we completed our annual review against the Charity Governance Code to ensure good practice is maintained. This review helps ensure we remain compliant with the expectations of the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

Trustees and volunteers receive regular training to help them fully understand their responsibilities. This includes legal briefings on fiduciary duties, GDPR training and the Institution's well established diversity training, which helps promote our values and behaviours.

Grant-making and educational support

IMechE's grant-making is overseen by the Educational Awards Committee (EAC), a sub-committee of the Trustee Board Awards Committee. The EAC manages the fair and transparent assessment and distribution of grants funded through designated Trust Funds. It focuses on awarding grants, and financial assistance to members and students involved in education, training, and research.

It also enables awards to be made to support initiatives, projects, activities in schools and clubs which promote mechanical engineering to children in primary and secondary education. The EAC oversees the awarding of the Armed Forces awards as well as the Institution's university awards to students on mechanical engineering courses.

This governance structure demonstrates our commitment to responsible oversight, effective use of funds, and delivery of meaningful impact.

Fair and responsible remuneration

The remuneration of all staff is reviewed and approved annually by the Remuneration Committee. This Committee ensures arrangements are affordable, fair and designed to motivate and reward performance. Remuneration is benchmarked periodically using external surveys and sector data.

Modern slavery prevention and ethical supply chain

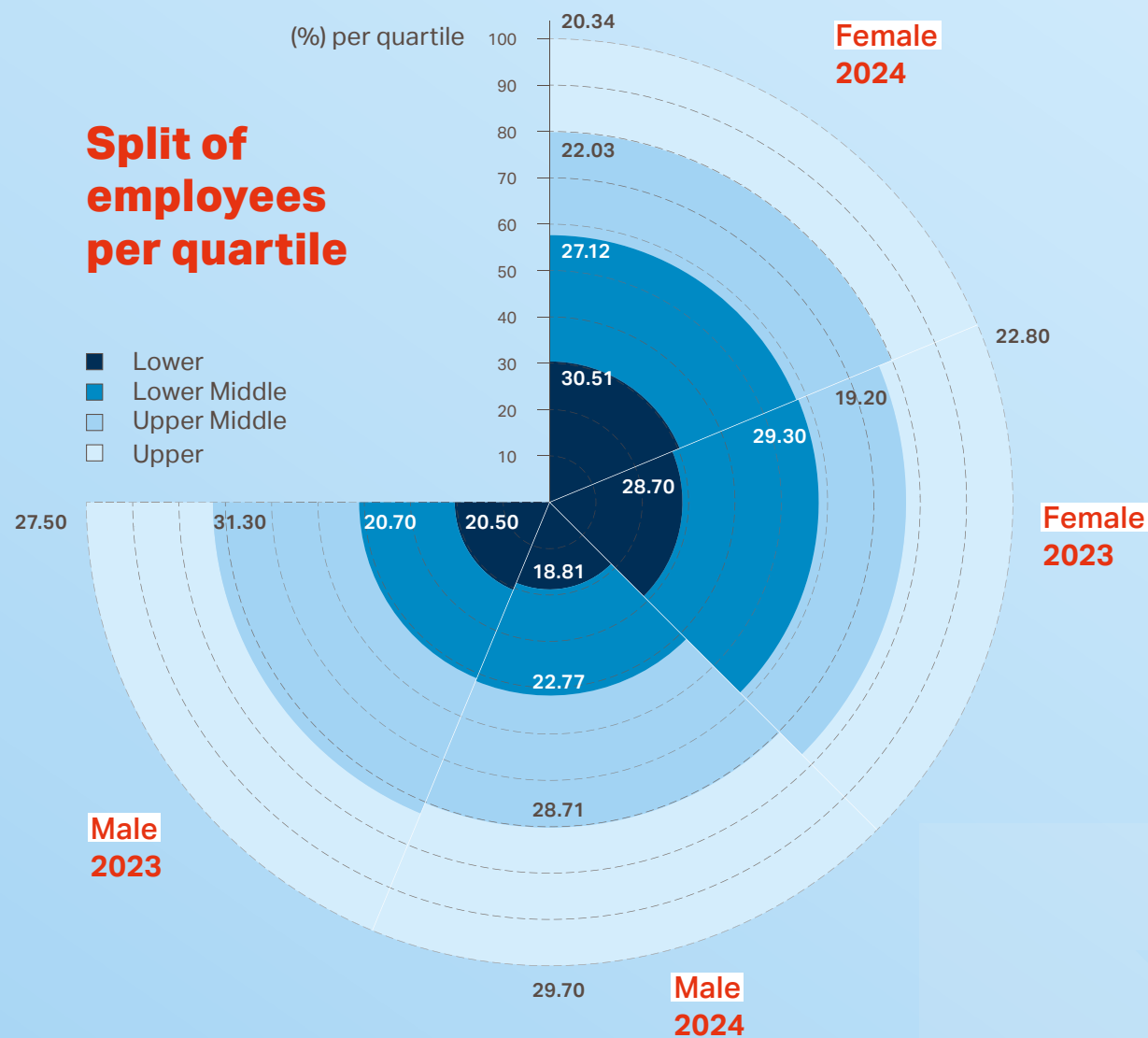
IMechE is committed to preventing modern slavery and human trafficking in our operations and supply chains.

We continually monitor and respond to requirements of the Modern Slavery Act 2015.

We study:

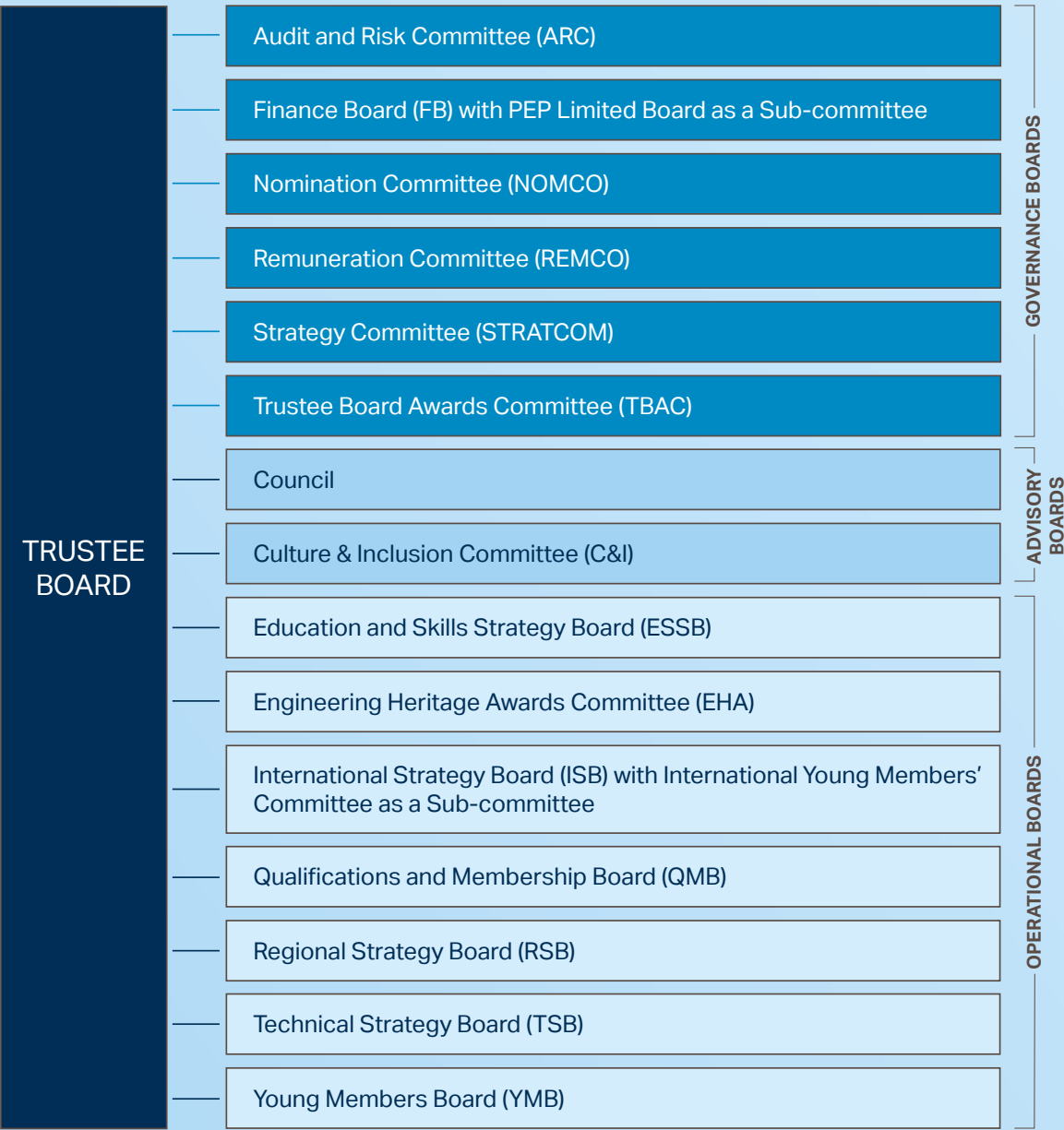
- our supply chain
- cleaning and catering suppliers
- any outsourced activities, particularly to jurisdictions that may not have adequate safeguards
- corporate hospitality.

We update our policies as needed and carry out risk-based reviews where appropriate.



Governance structure and trustee appointment

Working together to deliver our shared purpose



Trustee Board

IMechE is governed by a Trustee Board comprising of members of the Institution, elected annually to office by Corporate and Associate Members. The Trustee Board comprises the President, two Deputy Presidents, three Vice-Presidents, an International Vice-President and five or more Ordinary Members. Standard trustee term is 3 years, but they can stand for re-election as per the by-laws.

To ensure the Trustee Board has the right balance of skills and experience, it has the power to co-opt individual Trustees with specialist expertise. This was most recently exercised to appoint a specialist Trustee to support the HQ building project, following a process managed by the Nomination Committee.

President	Dr Clive Hickman OBE until 22.05.2025	Ordinary Members	Abbey Addison elected 23.05.2024
	Matt Garside from 22.05.2025		Bridget Eickhoff until 23.05.2024
Deputy Presidents	Matt Garside until 22.05.2025		Ruth Shilston elected 25.05.2023
	Dr Richard Judge		Darren Sharpe elected 23.05.2024
	Prof David Nowell from 22.05.2025		Christopher O'Boyle co-opted 14.02.2024
Vice Presidents	Simon Evans elected 25.05.2023		Adrian Waldock co-opted 18.10.2024
	Prof David Nowell until 22.05.2025	Member under 30	Joshua Thomson-Smith
	Chanaka Wanniarachchi casual vacancy until 22.05.2025	Member normally resident overseas	Peter Lee casual vacancy until 22.05.2025
International Vice President	Chris Chong elected 23.05.2024	Retired or resigned	Past President Giles Hartill Ordinary Member Bridget Eickhoff until 23.05.24

In 2024, Trustees met five times for Board Meetings supported by the Executive team. In addition to the five main Trustee Board meetings, Trustees met on seven other separate occasions to discuss specific issues.



Governance structure and trustee appointment

Executive Team

The Chief Executive is responsible for the day-to-day management of the Institution, in line with the Royal Charter, By-laws, and the strategic direction set by the Trustee Board, as well as for the organisation and leadership of the Institution’s employees. This work is supported by five Executive Directors who assist in delivering these responsibilities.



Chief Executive Officer	Dr Alice Bunn, OBE
Director of Digital, Data and Innovation	Jake Fraser
Director of Engineering Policy and Impact	James Partington
Director of Finance	Sean Fox until 31.07.2024 Bill Chidgey interim from 09.08.2024
Director of Member Operations	Joanna Horton
Director of People & Culture	Bims Alalade until 31 July 2025
Chief Operating Officer	Jo Passingham from 16 June 2025

Boards and Committees

The Trustee Board is supported by a range of governance, operational, and advisory boards and committees.

Governance

Audit and Risk (ARC) – Provides objective and independent review of risk management, control, and governance processes.

Finance (FB) – Oversees the Institution’s finances and investments. The PEP Limited Board, a sub-committee of the Finance Board, is responsible for managing the Institution’s trading subsidiaries.

Nominations (NomCo) – Ensures independent and transparent recruitment of qualified members and non-members to boards and committees.

Remunerations (RemCo) – Determines remuneration packages for the Chief Executive and Directors, and oversees the overall settlement for all employees.

Strategy (StratCom) – Develops the Institution’s high-level purpose, vision, strategy, and objectives.

Trustee Board Awards (TBAC) – Administers the disbursement of the Institution’s major prizes and awards.

Operational

Education and Skills Strategy Board (ESSB) – Influences education and skills initiatives to inspire, educate, and retain young people, contributing to the long-term sustainable diversification and growth of the engineering profession.

Engineering Heritage Awards Committee (EHAC) – Recognises and celebrates engineering heritage worldwide.

International Strategy Board (ISB) – Leads activities and engagement with members based outside the British Isles. The International Young Members Committee reports directly to ISB.

Qualification and Membership Board (QMB) – Maintains the standards for election to, and continuance of, membership of the Institution and registration with the licensing bodies.

Regional Strategy Board (RSB) – Leads engagement with members based in the UK and Republic of Ireland.

Technical Strategy Board (TSB) – Promotes technical interests and coordinates activities across industry sectors (Divisions) and engineering technologies (Groups).

Young Members Board (YMB) and the International Young Members Committee (IYMC) – Champion and promote engagement and activities for members within ten years of professional registration.

Advisory

Council – Provides advice on the direction and strategy of the Institution and communicates the representative views of the membership.

Culture & Inclusion (C&I) – Offers guidance on matters related to equality, diversity, and inclusion for both members and employees.

Administrative details

Name
The Institution of Mechanical Engineers

Address of principal office
1 Birdcage Walk, Westminster,
London, SW1H 9JJ

Charity registration numbers
Charity Commission of England & Wales:
The Institution and subsidiary prize and award funds are registered under 206882.

The Whitworth Scholarship Funds are registered under 313756.

Office of Scottish Charity Regulator:
The Institution is registered under SC051227.

Governing document and constitution
The Institution was founded in 1847 and was incorporated by Royal Charter in 1930. Digital copies of the Royal Charter and By-Laws are available on our website or by request via our Corporate Governance team at governance@imeche.org.

Professional advisers

Auditor:
MHA Audit Services LLP - 2 London Wall Place, Barbican, London EC2Y 5AU

Bankers:
CAF Bank Ltd (until 31.03.2024) - PO Box 289, Kings Hill, West Malling, Kent ME19 4TA

National Westminster Bank PLC - PO Box 113, Cavell House, 2A Charing Cross Road, London WC2H 0PD

Investment managers:
Blackrock Investment Management (UK) Limited (until 31.03.2024) - 33 King William Street, London EC4R 9AS

CCLA Investment Management Limited - 80 Cheapside, London EC2V 6DZ

Schroder & Co Limited - 12 Moorgate, London EC2R 6DA

Solicitors:
Mills & Reeve LLP - Botanic House, 1 Hills Road, Cambridge CB2 1PH

Pension advisers:
Barnett Waddingham LLP - Decimal Place, Chiltern Avenue, Amersham HP6 5FG
Lane, Clark & Peacock LLP - 95 Wigmore Street, London W1U 1DQ

Risk management and risk appetite

Risk management

At IMechE, risks are managed at both corporate and department levels through formal risk registers in accordance with the Institution’s risk policy.

The introduction of risk management software in 2024 has improved the consistency in approach to risk management across the organisation.

A Risk Manager and the Associate Director of Governance work with the Executive Team and Department Managers to maintain the risk register. New and existing risks are regularly reviewed and managed.

The Trustee Board is responsible for the Institution’s risk, but they, delegate oversight to the Audit & Risk Committee (ARC). ARC reviews the Corporate Risk Register every three months to make sure that risks are being addressed and properly mitigated. The Trustee Board reviews the Corporate Risk Register once a year and also considers any major risks escalated by the ARC in between reviews.

Comprehensive insurance cover, designed for the risk profile of the Institution, is in place. To support informed decision making and risk mitigation at IMechE, independent professional advice is sought in areas such as charity law, investment management, freehold land and buildings, staff pension scheme and governance, and elsewhere as appropriate.

Risk appetite statement 2024

Risks are events that may or may not happen, that could lead to the Institution not achieving its objectives.

Risk appetite is the level of risk that the Institution is willing to tolerate whilst achieving its objectives, including financial and operational priorities.

The Institution’s priorities include:

- Charitable aims and principles
- Duty of care to the Charity and our members.
- Our resources (people, infrastructure, environment).
- Our commitment to continual review and improvement.

IMechE’s approach to risk varies depending on the situation and is based on careful evaluation. We also assess how risks could affect relevant stakeholders.

Our risk appetite is outlined by category as:

Appetite	Category
Zero or very low	Regulatory and compliance Risks that may result in non-compliance, leading to the potential for the legality of our activities being questioned, or an adverse impact regarding our health, safety and environment record. Reputational Risks (including, but not limited to, culture, equity, diversity, inclusion, values and behaviours) that could damage or undermine stakeholder trust, or diminish public confidence in the engineering profession.
Low	Financial Risks that affect our drive for financial stability; noting that a degree of risk is tolerated for the purposes of investments, but our funds are diversified and conservatively managed. Operational Risks that could impact the quality or reliability of our operations and member services.
Moderate	Strategic Risks that drive innovation, growth and enable our capabilities in support of our purpose.

Major organisational risks

The table highlights our priorities, including areas where major risks have turned into issues that need to be addressed.

Risk category: Financial	
Risk	Management
The Defined Benefit pension scheme valuations move adversely in the future IMechE has a defined benefit pension scheme (closed to new members for many years). There is a high cost of administering the scheme.	The Pension Trustees, IMechE and the scheme administrators (Barnet Waddingham) have explored opportunities to eliminate this risk. Market conditions were considered very favourable, and as such, in July 2025, a buy-in of this scheme has been committed to moving to a full buy-out expected in 2027. The full cost of this is estimated at £2.7M, though there will be savings of £0.4M per year going forwards and the removal of significant risk.
Significant investment to achieve a fit for purpose HQ The cost of running and maintaining IMechE’s property assets, which continues to increase significantly, remains a long-standing risk. Our headquarters continue to require major repair, and upgrade works due to its age and condition. When a decision is needed on the future of the Headquarters, a two-thirds majority of the membership vote is required to permit the scenarios of selling all or part of the building, or to mortgage the building for renovation. Without resolution the ongoing investment required to run the building poses a high financial risk.	The Headquarters Sponsor Board (HQSB) now manages the review of options for the future of the headquarters building. A robust business case has been put together with experts and the process is closely overseen by Trustees and independent reviewers. The membership is consulted on the options. They passed approval to market the property at a Special Meeting in January 2025. The second stage of the voting process is planned to take place in late 2025. During this uncertain time, maintenance is planned, as are building inspections (twice a month). The Audit & Risk Committee receive regular Health and Safety reports to ensure that all legal obligations are met.
Risk category: Financial	
Risk	Management
Unsustainable finances Significant progress has been made in addressing long-standing pension and trading subsidiary risks, with the future of our headquarters building being the remaining major issue to resolve. There are risks arising from insufficient alignment between operating costs and overall strategy, and the need to strengthen and embed robust financial management practices across the Institution.	Alongside a strong focus on supporting a decision on the future of HQ, increased emphasis is being given to simplifying our financial structures and strengthening management practices. This has included a project to better understand our cost base, which supported an organisational restructure in 2025 and provides a valuable foundation on which to build our 3-year plans. Proposals to strengthen how the Institution works together, through the outcomes of a cross-cutting review that explored our high-level operating model, will also help financial sustainability.

Risk category: Operational, Compliance and Regulatory

Risk	Management
Cyber threats and GDPR breaches Cyber security remains a high risk, with old systems presenting a higher risk. Risks include malicious attacks from a third party and human error within the organisation. IMechE relies on a large network of volunteers to carry out its objectives. This network often sends and receives information, to all active volunteers, increasing this risk.	Servers have been moved out of our headquarters. We are mapping our business processes. We continue to depend on technology and infrastructure. All staff and volunteers complete GDPR training. We plan to increase the frequency of volunteer training. Incidents are reported centrally, which helps us to understand different needs. We can then tailor training to departments.
Low volunteer engagement Reduced member engagement is a risk as volunteers are essential to some of our core activities.	We are looking to measure the experience of our volunteers. A volunteer service benchmark project will evaluate how we engage and support volunteers across the organisation and is managed by both staff and volunteers. We’ve launched a Communications Forum for the Operating Board chairs and Executive to work together and share information throughout the volunteering community. Key policies to support volunteers are under review or being created.

Risk category: Operational

Risk	Management
IMechE values and behaviours are not embedded Members and staff may not abide by IMechE’s values and behaviours. As new complaint processes embed, there is a risk of an increased incidence of concerns, complaints and grievances being raised that could adversely affect the Institution’s reputation and standing within society.	Work on embedding values and behaviours within the organisation continues. Complaints policies and behavioural policies are in place. A review of how the different complaint policies align is underway. Work is underway to develop a volunteer code of conduct which will be a tool to ensure high standards of behaviour across all boards and committees. An externally supported review of culture and behaviours is planned to begin in 2025 and should also help identify and implement any actions needed to reinforce our expectations.

Public benefit statement

The Trustees confirm that they have complied with the duty in Part 1, Section 4 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'.

The charitable objective of the Institution is to promote the development of Mechanical Engineering to benefit 'the general public and society' as detailed in the Royal Charter.

The Trustees ensure that this purpose is carried out for the public benefit by delivering services that are valued by our members and setting standards of achievement for engineers, thereby engendering public confidence and trust.

Membership is open to people who are pursuing a career or have an interest in mechanical engineering.

The Institution actively pursues the development of debate and action on topics for the betterment of society that relate to mechanical engineering.

The Institution provides free literature, free lectures and free access to the library to encourage members of the public to engage in the improvement of the world through engineering.



Financial review

Financial results

A strong financial foundation is critical to supporting IMechE's charitable mission and delivering the strategy to develop a global, inclusive and digitally enabled engineering community. To help achieve this, IMechE operates as a professional engineering institution, also running commercial ventures through its PEP Group and invests in innovation in support of its charitable purpose.

Significant progress was made throughout 2024 in addressing a range of long-standing financial challenges, with the goal of simplifying our financial structures and creating a strong foundation for the future. As outlined below, this includes streamlining of our commercial activities through strategic divestments and closure of dormant subsidiaries; preparing the defined benefit pension scheme for derisk through a buy-in (completed in July 2025); and extensive activity to inform decisions for the future of our HQ building.

The finance team also underwent major change following a significant turnover of staff in mid-2024. While this brought challenges through the loss of institutional knowledge, it also created opportunities to introduce new ways of working. Several audit findings from previous years were resolved during the year. Work in this area — including the strengthening of financial management across the Institution, with enhanced data to support this — continues into 2025.

Income

In 2024, group income rose £1.7M (6%) to £31.9M (2023: £30.2M) with growth in both charitable income £21.2M (2023: £20.2M) including Whitworth, and trading activities £10.7M (2023: £9.8M).

The growth in charitable income was driven largely by membership income as a result of the increase in subscription rates. It rose £1M (7%) to £14.7M, (2023: £13.7M). Overall membership numbers declined by 2.2%, from 110,759 in 2023 to 108,377 in 2024. This reflects a slight shift in the balance towards paying members, as a result a reduction in the number of international affiliates who are mainly non-paying students. The number of paying members also declined slightly, by 0.4%, from 66,224 in 2023 to 65,987 in 2024.

Other areas to note were income reductions in the following income streams:

- 1 Apprentice end point assessment: £2.7M (2023: £2.8M) because 2023 marked the end of the temporary uplift in apprenticeship completions, whose progress had been delayed by the pandemic, also known as the "bubble effect".
2. Events: £1.9M (2023: £2.1M) due to a reduction in sponsorship of community events as well as the nature of the commercial events portfolio which has a few large biannual events which did not take place in 2024 such as the "Turbochargers Event" which generated £0.1M in 2023".

The PEP Group had a strong year, particularly as one of its main businesses was divested 8 months into the year. Learning and Development saw record 10% revenue growth driven by customer expansion as well as new programme offerings. PBIT however fell by 16% due to higher cost of sales and overheads. Venue Room Hire (OBW) external revenue decreased from £1.69M to £1.53M (9%). Sonaspection also recovered strongly with revenue up £1.1M and profitability restored. Further details can be found under the Trading Entities section below and in note 2 of the accounts.

Expenditure

The Group's operating expenditure rose by £3.6M (12%) to £32.6M in 2024 (2023: £29.1M). This increase is mainly due to a £2.2M rise in support costs allocated across IMechE's charitable and commercial departments, driven by higher governance and management costs (£0.9M), largely attributed to the additional support required for divestment of subsidiaries, pension buy-in (£0.7M), and the HQ Project (£0.3M) under facilities.

Direct costs also increased by £1.4M, with £0.8M from higher departmental activity and £0.6M from employment costs.

Of the latter, £0.4M reflects salary adjustments from benchmarking and a 5-person headcount increase, these were previously agreed and included in departmental cost increases. The remaining £0.2M relates to senior-level redundancy and ex-gratia payments.

Departments with material direct and support costs increases are reported below:

- **Groups, Divisions & Events** costs rose by £1.3M, due to £0.8M higher support cost allocations and £0.5M increase in direct costs. Notable direct cost increases include £0.3M in events delivery (mainly Formula Student), £0.1M in member engagement activity reflecting spend incurred by Committees.

Member grants increased by £0.1M, which is below our aspirational target but showing positive progress. An additional £0.1M was invested in policy and education outreach, aligned with the Institution's strategic commitment to enhancing external impact. These cost increases were offset by cost reductions across multiple areas. Further work has taken place to understand why Member grants are not being spent to a higher level, including what additional action should be taken and the implementation will start in 2025.

- **Marketing** costs increased by £0.5M, with £0.3M from rising support cost allocations and £0.2M increased direct costs. The increase in direct costs includes salary increases from the benchmark review and reflects marketing activities being consolidated into one department. This restructure included strengthening leadership as part of plans to professionalise and rationalise approaches over coming years.
- **Membership Subscription** up by £0.5M, including £0.4M in allocated support costs and £0.1M in direct costs, which reflects the ongoing investment in member retention, value delivery and salary increases.
- **Costs of raising funds** increased by £0.4M, support cost increases of £0.3M and £0.1M from higher staff costs and activity levels.
- Most transactions under non-operating costs are the result of the progress made on divestment issues in 2024 as mentioned above. A significant item is the exceptional downward revaluation of the Sheffield building of £1.3M, which in 2024 is now being classified as an investment property due to it being rented to a non-group company, following the divestment of Argyll Ruane. Another is the loss of £0.6M from the sale of IMechE Fife NDT subsidiary via a Management Buy Out (MBO) which arose in part due to higher separation, preparation and divestment costs of £0.35M. Also, the one-off costs of £0.05M relating to the preparation for the divestment of Sonaspection in early 2025. These costs were offset by a £1M gain arising from investment gains (2023: £0.2M gain).

Overall performance

The net operating results are a deficit of £0.7M (2023: £1.2M surplus). Taken together, the Group operating and non-operating activities resulted in a net deficit of £1.4M (2023: £1.1M surplus). We are taking steps in 2025 to drive long-term financial sustainability. This includes a reduction in staffing levels through a structured redundancy programme. Further cost containment and prioritisation measures are being considered to align expenditure with strategic priorities and income expectations.

Restricted and endowment funds performed well with combined funds of £15.6M (2023: £14.9M) permitting the award of 20 new Whitworth Scholarship Award and 4 new Whitworth Senior Scholarship Awards to support PhD research. During the year, 9 award holders completed their degree courses and were elected "Whitworth Scholars" and 1 Whitworth Senior Scholarship Award Holder completed their PhD in "The Development of a Wearable Acoustic Emission (AE) Device for the Monitoring of Knee Joint Health" at Cardiff University and was elected "Whitworth Senior Scholar".

The commercial businesses, referred to in this report as trading entities, generally showed strong performance as shown below.

Charity reserves

Total reserves are £33.2M at the end of 2024 (2023: £34.6M). This is made up of Endowment funds, which are £11.9M at the end of 2024 (2023: £11.2M), restricted funds, which are £3.7M at the end of 2024 (2023: £3.7M), and unrestricted and general funds, which are £17.6M at the end of 2024 (2023: £19.7M).

Unrestricted and general funds include free reserves. Free reserves are, in broad terms, the cash that we hold or could generate relatively quickly from unrestricted funds. These are primarily held to enable the Institution to respond to significant adverse events, and also enable build-up of funds to support planned investments. In effect they are the total of cash or cash equivalents, stock, debtors and assets that could be readily sold ("liquid" assets), with all liabilities subtracted.

The Trustees reviewed and updated the free reserves policy. A new minimum level of £5M reflects a threshold below which all sums are kept to protect the Institution from adverse events and a target level of £10.0M (2023: £10.0M). The unchanged target reflects both a reduction in business risks following divestment of subsidiaries and plans in place to replace outdated legacy IT systems, including a full review of business processes and data flows, as well as improving the resilience of our existing systems where immediate replacement is not possible or practical. This is offset by increased risk as the HQ building continues to age and a more aggressive cyber security environment.

Free reserves at end of 2024 were £8.7M (end of 2023: £7.8M). This continues the steady trend in growth since 2020 when free reserves were £5.1M. This growth in free reserves, in a year which also saw operational losses, comes largely from a result of there being more net working capital (predominantly cash as per note 26) and to a lesser extent, the £0.3M increase in unrestricted investments.

Looking ahead, in 2025, there will be an exceptional reduction to free reserves, currently expected to be £2.2M, as a result of de-risking the defined benefit pension scheme through a buy-in, which will be partly compensated for by the sale of Sonaspection.

Trading Entities

Strategic developments

IMechE operates its trading activities through its wholly-owned subsidiary Professional Engineering Projects Limited (PEP Ltd). Through 2024, and the first quarter of 2025, PEP Ltd delivered on IMechE’s decision to rationalise its trading entities.

Following the transfer in 2023 of IMechE Argyll Ruane (a division of PEP Ltd) activity into the associated subsidiary, IMechE Fife NDT, they were divested of in August 2024. In addition, the Sonaspection group was prepared for sale and a buyer found (that was sold on 28 February 2025). Also, two unused legal entities were closed. Between January 2024 and March 2025, the PEP Group had thus reduced from seven legal entities to just the single PEP Ltd legal entity.

Trading performance

The PEP Group continued its turnaround in trading profitability.

Unconsolidated Results	Revenue £M		PBIT £M	
	2024	2023	2024	2023
Learning & Development	2.96	2.70	0.31	0.36
One Birdcage Walk (Venue Room Hire)	1.53	1.69	0.37	0.23
IAR Argyll Ruane ¹	–	2.051	–	(0.03)
PEP Limited (Other) ²	0.04	–	(0.16)	(0.80)
PEP Limited	4.54	6.90	0.52	(0.24)
Sonaspection Group	4.16	3.07	0.42	0.04
IMechE Fife NDT³	2.35	0.65	(0.45)	(0.01)

Notes:

1 In 2023 IAR Argyll Ruane was a division within PEP Ltd. This division was transferred into IMechE Fife NDT Ltd on the 1 January 2024, and its results incorporated above within IMechE Fife NDT in 2024.

2 PEP Ltd (Other) are primarily non-trading costs, separated out to give clarity on L&D and OBW performance.

3 IMechE Fife NDT represents 8 months of activities within the IMechE Group and on the 31 August 2024 the company was sold via a management buy-out.

LEARNING & DEVELOPMENT



Learning & Development continued to deliver a strong performance in 2024, generating a growth of 10% in revenue, a new record for annual turnover. Business-to-business (company programmes) growth was driven by an increase in the number of active customers purchasing from a broader product portfolio, and business-to-customer (public programmes) performance benefited from the introduction of new locations such as Manchester and additional offerings to the existing programme.



One Birdcage Walk Although total venue room hire revenue has decreased by 9%, external revenue continued to perform strongly in 2024 and increased to £1.5M, representing 16% year-on-year growth and surpassing the pre-COVID peak of £1.3M. A decision was made to discontinue charging internally during 2024. It should be noted that the long-term outlook for the One Birdcage Walk business is closely tied to strategic decisions concerning the future of IMechE’s headquarters building.



IMechE Fife NDT Ltd (the combined business) benefited from a package of actions implemented in 2023 and 2024, such as reducing the cost base, revising pricing strategies and rebalancing the sales mix. This enabled the profitability of the company to be restored by the point of divestment in August 2024.



Sonaspection delivered a strong recovery in 2024, following a challenging 2023. The business experienced sustained high demand, leading to increased order intake and work volumes. As a result, revenue increased by £1.09M compared to the previous year and profitability returned to levels that were more in line with historical performance.

Group Balance Sheet

Our listed investments increased to £19.6M (2023: £18.7M) after sales of £0.3M (2023: £0.2M), thanks to positive market movements.

Through the Stephenson LLP fund, we invested in early-stage innovation companies until November 2018, in line with our charitable aim of being an impulse to innovation. Further investment is now on hold, outside of the costs necessary to operate the fund for the remainder of its life. At the end of 2024, we remained invested in 10 companies at a historical cost of £1.5M (2023: 10 companies at £1.5M). The market value of these investments was £2.4M at the end of 2024 (2023: £2.6M), a decrease of £0.2M (2023: £0.5M decrease).

Intangible assets reduced by £0.9M (2023: £0.4M) to £2.2M (2023: £3.1M), with annual amortisation charges exceeding investments in the year.

Tangible fixed assets decreased by £3.1M (2023: £0.2M decrease) to £2.6M (2023: £5.7M) due primarily to the divestment of Fife NDT Ltd. Fixed assets amounting to £0.4M were transferred to the Management Buy Out company as part of the sale. Also, after the sale, the net book value of the Europa View building in Sheffield of £2.4m was reclassified as investment property as it is now held to generate rental income for the Institution.

The reclassification of the Sheffield building as an investment property resulted in a one-off impairment charge of £1.3m to align its carrying value with the market valuation as at year end.

The pension fund remained at £nil at the end of 2024 (2023: £nil). The funds are in fact recorded as a surplus of £3.0M (2023: £2.3M) but this surplus cannot be recognised as there is no provision for it to be returned to the employer. Trustees of the pension fund and the Institution in July 2025 entered a ‘buy-in’ contract with PIC to significantly reduce its pension liabilities, before expecting to move to a full buy-out in 2027. This surplus it taken into account within the buy-in price.

Overall group reserves decreased to £33.2M from £34.6M in 2023. This £1.4M reduction is driven by the £2.1M reduction in unrestricted and general funds, the majority of which is the result of the impairment on the Sheffield property. The Institution continues to remain financially sound and the Trustee Board is committed to maintaining financial prudence and, in particular, making an overall surplus.

As reported last year, subsequent to legal advice, the Trustees concluded that a 2022 decision to write off £0.8M of the £5.1M debt owed to IMechE by IMechE's trading subsidiary Professional Engineering Projects Limited (PEP Ltd) was a wrong decision. Corrections were made in the 2024 accounts, following consultation with the Charity Commission and the revision to the associated agreements, to restore the Charity's financial position to that which it would have been had the write-off never taken place, including interest on this.

Degree of financial dependency

The Institution is dependent on the voluntary efforts of its members who increase the impact of the Institution. However, there is no significant degree of dependence on any single member or small group of members in respect of voluntary effort or financial contributions.

Income from both members and events are also derived from a significant number of independent people and or sources.

Going concern

The Trustees have considered several factors in concluding that the adoption of a going concern basis in the preparation of these financial statements is appropriate. These factors have included a summary of the key risks and uncertainties in the context of the Institution's operations and a review of the budgets and forecasts, including cash flows and sensitivity analysis. The future forecast considers the mitigating actions the Institution has taken and considers both immediate liquidity and longer-term solvency, together with the impact on reserves.

Summary of funds and investments

General

A description of all the various funds included within the Institution's accounts is provided within Note 23. These funds increase the impact of the Institution. At 31 December 2024, these totalled £19.6M (2023: £18.7M).

Investment policy and returns

The Trustee Board has established an investment policy. The policy includes the following principles:

- 1. A diversity of investments will be held, in so far as is appropriate to the fund concerned. This may be achieved via a pooled investment vehicle like a unit trust or investment trust.
- 2. Investment policy will be appropriate to the needs of the fund.
- 3. Appropriately authorised investment managers will be employed.

- 4. Appropriately authorised nominees may be employed to hold individual stocks and shares. The investment managers work towards the following objectives:

Reserve Fund, General Trust and James Clayton Trust

Target asset allocations have been set for each fund with the objective of outperforming the relevant composite benchmark by 0.5% over rolling three-year periods. The composite benchmark being calculated using the asset allocations and an appropriate index for the asset class.

Other Trusts

Funds are invested in special pooled funds restricted to Charity use. It is not appropriate to set individual objectives for these investments. However, performance is compared against statistics prepared by the investment management company.

A summary of the total annual rates of return (income and capital) achieved on investments during 2024 and 2023 are as follows:

	2024	2023
	%	%
Reserve Fund	13.2	5.8
General Trust	13.4	5.8
James Clayton Trust	13.4	5.8
Charities Official Investment Fund income units	5.1	12.4
Whitworth*	9.3	-
Whitworth – Charishare*	-	7.9
Whitworth – Charinco*	-	6.0

*Whitworth Charishare and Charinco are now listed as Whitworth, reporting a single rate of return, as they were combined and transferred to a different Investment manager during the year.

Independent auditor's report to the Trustees of The Institution of Mechanical Engineers

Opinion

We have audited the financial statements of The Institution of Mechanical Engineers (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2024, and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report.

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

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 where the Charities (Accounts and Report) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the 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

As explained more fully in the Trustees' responsibilities statement set out in the Trustees' Board report, 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 and 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 parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor 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 specific procedures for this engagement and the

extent to which these are capable of detecting irregularities, including fraud is detailed below:

- Obtaining an understanding of the legal and regulatory frameworks that the entity operates in, focusing on those laws and regulations that had a direct effect on the financial statements;
- Enquiry of management and those charged with governance to identify any instances of known or suspected instances of fraud;
- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management about any instances of non-compliance with laws and regulations;
- Reviewing the design and implementation of control systems in place;
- Testing the operational effectiveness of the controls;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness;
- Evaluating the business rationale of significant transactions outside the normal course of business;
- Reviewing significant accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Considering the risk assessment of significant subsidiaries so that appropriate audit procedures in response to such risks are included within the audit;
- Enquiry of component management and those charged with governance to identify any instances of known or suspected instances of fraud and/or non-compliance to laws and regulations affecting a component of the group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 this report

This report is made solely to the parent charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the parent 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 parent charity and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



MHA, Statutory Auditor
London, United Kingdom

Date: 05/08/2025

MHA is the trading name of MHA Audit Services LLP, a limited liability partnership in England and Wales (registered number OC455542).

MHA are eligible to act as auditors in terms of section 1212 of the Companies Act.

Statement of Trustees' responsibilities in respect of Trustees' Annual report and the financial statements

Under the trust deed and rules of the Charity and charity law, the Trustees are responsible for preparing the Trustees' Annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year. The Trustees have elected to prepare the financial statements in accordance with FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

The group and charity's financial statements are required by law to give a true and fair view of the state of affairs of the group and the Charity and of the Group's excess of income over expenditure for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustees:

- Select suitable accounting policies and then apply them consistently.

- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- State whether the financial statements comply with the trust deed and rules, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Charity will continue in business.

The Trustees are required to act in accordance with the trust deed and the rules of the Charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Charity at that time, and to enable the Trustees to ensure that, where any statements

of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the financial and other information included on the Charity's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fundraising

The Charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' Annual report confirm that, so far as they are each aware, there is no relevant audit information of which the Institution's auditor is unaware; and each Trustee has taken all the steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant information and to establish that the Institution's auditor is aware of that information. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing documents, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS102, the Financial Reporting Standard applicable and in the UK and Republic of Ireland, published on 16 July 2014.

This annual report was approved by the Trustee Board on 31 July 2025 and was signed on its behalf by:



Matt Garside
President



Dr Richard Judge
Chair, Finance Board

Consolidated statement of financial activities for the year ended 31 December 2024

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	2024 Total	2023 Total
		£'000	£'000	£'000	£'000	£'000
Income and Endowments from:						
Donations and Legacies		-	13		13	22
Grants		-	267		267	-
Charitable activities						
Membership subscriptions		14,719	-	-	14,719	13,739
Groups, Divisions & Events		1,859	-	-	1,859	2,114
Professional development & Membership		222	-	-	222	198
Information & Library services		5	-	-	5	5
Apprentice End Point Assessment		2,699	-	-	2,699	2,805
Other trading activities						
Venue hire, Training, Exam Services, Consultancy, Flawed Samples		10,933	-	-	10,933	10,076
Marketing, advertising and merchandise		23	-	-	23	29
Investments						
Interest & Dividends	14	36	463		499	795
Other						
Other income	2	27	-	-	27	26
Rents Receivable		656	-	-	656	439
Total income		31,179	743	-	31,922	30,248
Expenditure on:						
Raising funds						
Non-charitable trading activities		10,395	-	-	10,395	9,985
Investment management costs		6	10		16	15
Charitable activities						
Groups, Divisions & Events		6,597	267	-	6,864	5,569
Marketing		2,926	-	-	2,926	2,400
Business Development		2,462	-	-	2,462	2,344
Apprentice End Point Assessment		2,906	-	-	2,906	2,930
Professional development		1,239	-	-	1,239	1,071
Information & Library Services		1,034	-	-	1,034	875
Membership Subscriptions		3,437	-	-	3,437	2,888
Tenants & Public Facilities		637	-	-	637	536
Prizes, Awards and Scholarships		-	711		711	452
Total expenditure	3	31,639	988	-	32,627	29,065
Operating Surplus/Deficit		(460)	(245)	-	(704)	1,183
Net Gains on investment assets	23	41	159	785	985	234
Loss on sale of subsidiary		(560)	-	-	(560)	-
Loss on revaluation of investment property	13	(1,329)	-	-	(1,329)	-
Net income /(expenditure)		(2,308)	(86)	785	(1,609)	1,417
Transfer between funds		-	28	(28)	-	-
Net income /(expenditure) after transfers		(2,308)	(58)	757	(1,609)	1,417
Non-charitable trading activities - corporation taxation		(139)	-	-	(139)	-
Other recognised gains /(losses)						
Actuarial gains /(losses) on defined benefit pension scheme	10	390	-	-	390	(307)
Net movement in funds		(2,057)	(58)	757	(1,358)	1,110
Reconciliation of funds						
Total funds brought forward, as previously stated	23	19,661	3,716	11,187	34,564	33,454
Total funds carried forward	23	17,604	3,658	11,944	33,206	34,564

	Unrestricted Funds	Restricted Funds	Endowment Funds	2023 Total
Comparative information	£'000	£'000	£'000	£'000
Total income	29,657	591	-	30,248
Total expenditure	(28,604)	(461)	-	(29,065)
Net investment gains	(473)	138	569	234
Transfers between funds	(10)	10	-	-
Actuarial losses on defined benefit pension scheme	(307)	-	-	(307)
Net movement in funds	263	278	569	1,110

There were no other recognised gains or losses other than those listed above and the net income for the year.

All the Group's financial activities in this and the prior year were continuing with the exception of IMechE Fife NDT Ltd which was divested in 2024.

Consolidated balance sheet as at 31 December 2024

		Group		Institution	
	Notes	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets					
Intangible assets	11	2,218	3,085	2,176	2,802
Tangible assets	12	2,617	5,665	2,319	5,044
Investment property	13	1,150	-	1,150	-
Investments: listed	15	19,597	18,685	12,567	11,760
Investments: social	14	2,377	2,602	2,377	2,602
Total fixed assets		27,959	30,037	20,589	22,208
Current assets					
Stocks	16	213	227	6	11
Debtors	17	3,387	3,843	7,818	7,226
Cash at bank and in hand		10,094	8,985	8,306	8,273
Total current assets		13,694	13,055	16,130	15,510
Liabilities					
Creditors: amounts falling due within one year	18	8,437	8,486	6,953	7,229
Net current assets or liabilities		5,257	4,569	9,177	8,281
Total assets less current liabilities		33,216	34,606	29,766	30,489
Creditors: amounts falling due after one year	19	11	43	-	-
Net assets excluding pension liability		33,206	34,564	29,766	30,489
Defined benefit pension scheme liability	10	-	-	-	-
Total net assets	22	33,206	34,564	29,766	30,489
The funds of the charity					
Endowment funds		11,944	11,187	7,508	6,993
Restricted funds		3,658	3,716	855	927
Unrestricted & General funds		17,604	19,661	21,403	22,569
Total funds	23	33,206	34,564	29,766	30,489

The consolidated statement of financial activities is for the Group as a whole. The Charity's total income for the year was £21,515k (2023: £20,353k). The Charity's total funds decreased by £723k in the year (2023: £529k increase).

The financial statements were approved by the Trustee Board on 31 July 2025 and were signed on its behalf by:

Matt Garside, President

Dr Richard Judge, Chair, Finance Board

The notes to the accounts numbered 1 to 30 form parts of these accounts. Charity registration number: 206882.

Consolidated cashflow statement for the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Cash flows from operating activities			
Net cash provided by / (used in) operating activities	26	793	1,594
Cash flows from investing activities			
Dividends, interest and rent from investments	14	499	795
Purchase of property, plant and equipment	12	(85)	(357)
Proceeds from sale of property, plant and equipment		210	41
Purchase of social investments	14	(13)	(36)
Purchase of intangible assets	11	(549)	(780)
Proceeds from sale of investments	15	296	210
Net cash provided by/(used in) investing activities		358	(127)
Cash flows from financing activities			
Bank loan repayments		(42)	(19)
Net cash flows provided by financing activities		(42)	(19)
Change in cash and cash equivalents in the reporting period		1,109	1,448
Cash and cash equivalents at the beginning of the reporting period		8,985	7,537
Cash and cash equivalents at the end of the reporting period		10,094	8,985

The notes to the accounts numbered 1 to 30 form parts of these accounts.

Analysis of changes in net debt

	Balance 01.01.24 £'000	Cashflows £'000	Balance 31.12.2024 £'000
Cash and cash equivalents			
Cash awaiting investment	44	(44)	-
Cash at bank and in hand	8,985	1,109	10,094
	9,029	1,065	10,094
Debt due within one year	(20)	10	(10)
Debt due after one year	(43)	32	(11)
	(63)	42	(21)
Total	8,966	1,107	10,073

Notes to the accounts for the year ended 31 December 2024

1 Accounting Policies

The Charity is registered with the Charity Commission (Reg N. 206882), domiciled in the UK and is a public benefit entity and incorporated by Royal Charter in 1930. The address of the registered office is 1 Birdcage Walk, London SW1H 9JJ.

a) Basis of preparation

The Financial statements have been prepared in accordance with the Charities SORP, FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, and applicable UK charity law.

The Financial statements have been prepared to give a true and fair view and have departed from The Charities (Accounts and Reports) Regulation 2008 only to the extent required to give a true and fair view. This departure has involved following Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

The annual accounts have been prepared on the historical cost basis of accounting, modified by the recognition of certain financial assets and liabilities measured at fair value. The financial statements are presented in pounds sterling, rounded to the nearest £1,000, unless otherwise stated.

b) Going Concern

The Trustees have considered several factors in concluding that the adoption of a going concern basis in the preparation of these financial statements is appropriate.

These factors have included a summary of the key risks and uncertainties in the context of the Institution's operations and a review of the budgets and forecasts, including cash flows and sensitivity analysis. The future forecast considers the mitigating actions the Institution has taken and considers both immediate liquidity and longer-term solvency, together with the impact on reserves.

Working capital requirements are met through a combination of income received from the Institution's activities, including commercial activities undertaken in the Institution's trading subsidiaries. The Institution has the ability to drawdown against funds held within the Institution's unrestricted investment portfolio if required. The Institution does not have any debt facilities. A £0.1M COVID-19 bounce back loan within a trading subsidiary was repaid in 2024.

Membership income is a key income stream, and the Institution continues to ensure the delivery of value from being a member to guard against any decline.

c) Basis of consolidation

Consolidated figures for the Institution and Group companies (see note 2 to the accounts) have been included in these financial statements for the year ended 31 December 2024. Companies acquired by the Group are consolidated on an acquisition basis i.e. fair values are attributed to the Group's share of the net tangible assets and where the cost

of acquisition (being the fair value of the purchase consideration and the expenses of the acquisition) is greater than the fair values attributable to such net assets, the difference is treated as goodwill. The assets and liabilities of the subsidiaries have been included with those of the Charity on a line-by-line basis.

d) Income

Income is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. No amounts are included in these financial statements for the services donated by volunteers.

With the exception of Membership income, all income is included in SOFA when the Institution is legally entitled to the income, and the amount can be quantified with reasonable accuracy.

Pecuniary legacies are recognised when probate is in place. Residuary legacies are recognised when probate is granted, a copy of the Will has been received to confirm the Institution's entitlement, and there is sufficient information to value them. In practice this is usually when the assets and liabilities statement is received. Reversionary interests involving a life tenant and contentious legacies are not recognised.

Membership subscription income is accounted for based on the amount receivable for the year. Accordingly, the amounts received during the year in relation to future years are deferred. Members who join in the final quarter of the year are not charged subscriptions by the Institution for that year. The annual subscription payment received is treated as relating entirely to the following year and is deferred.

Income from consultancy and flawed samples categories is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete, can be estimated reliably. When the outcome cannot be estimated reliably, income is recognised only to the extent of the expenses recognised that are recoverable.

Income from events, apprentice end-point assessment, venue hire, training and exam services, are recognised on the basis of the amount receivable in the period in which the event takes place. Rental income represents amounts receivable for tenant, car parking and various other income streams and is recognised over the terms of the lease or prevailing agreement in place. Income from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the amount can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the entity.

Interest and dividends are recognised when receivable.

e) Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is calculated so as to write off the cost of fixed assets on a straight-line basis at the following rates:

Freehold buildings: Building improvements	→ 2% on original purchases, 4% on improvements per annum
Leasehold buildings: Building improvements	→ 2% or over the period of the lease if quicker per annum
Furniture and equipment:	→ 20 - 33.3% per annum
Plant and equipment:	→ 10 - 20% per annum

Freehold land is not depreciated.

Fixed assets are regularly reviewed to consider whether they have been impaired and to ensure that the depreciation costs reflect their working life. Expenditure below £1,000 is not capitalised, except laptops/computers.

f) Goodwill

Goodwill represents the excess of the cost of acquisition of incorporated and unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill shall be considered to have a finite useful life and shall be amortised on a systematic basis over its economic life of five years.

Where there are indications of impairment, an impairment review is undertaken to assess a recoverable amount, which considers a service potential and not cash flows.

g) Website and digital transformation costs

Website costs are capitalised when it is probable that the expected future economic benefits that are attributable will flow to the Group and their costs can be reliably measured. Website and digital transformation costs are initially recognised at cost and amortised over the expected useful life of five years.

h) Impairment of tangible and intangible assets

At each reporting end date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the

time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in SOFA, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

i) Financial assets

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the Charity statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of

interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

j) Financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss are measured at fair value.

k) Investments

Listed investments are stated at market value, valued at their bid price, at the balance sheet date. It is the Group's policy to keep valuations of stock exchange listed investments up to date, such that when investments are sold there is no gain or loss arising relating to prior years. As a result the statement of financial activities does not distinguish between the valuation adjustments relating to sales and those relating to continued holdings, as they are together treated as changes in the value of the investment portfolio throughout the year. Investments not listed on a recognised stock exchange are valued at fair value, unless there is no reliable basis of valuation, in which case they are valued at cost.

Mixed motives investment

The Institution formed a limited partnership with Stephenson LP in January 2014 to make venture capital investments into a portfolio of companies involved in or associated with young innovative engineering businesses.

This investment has a genuine mixed motive because investment is being made both for financial return but also to advance engineering. The investment is held at fair value based on the most recent share sale prices of the underlying investments, less any impairment. If there is objective evidence of impairment, then an immediate impairment loss is recognised in the statement of financial activities.

Investments in subsidiaries

Investments in subsidiaries are initially recognised at cost. Cost includes the purchase price and any directly attributable costs in acquiring the investment. Following initial recognition, investments in subsidiaries are measured at cost less any accumulated impairment losses.

l) Foreign currency

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 taken to Statement of Financial Activities.

m) Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis and is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Costs are allocated to activities on a basis consistent with the use of resources. Where costs relate directly to a single activity, they are attributed to that activity. Where costs relate to more than one activity, they are apportioned on the basis of staff headcount or the proportion

of floor space occupied by each activity, measured in metres squared.

n) Stocks

Stock classified as finished goods for sale is stated at the lower of cost and net realisable value using the FIFO method. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Work-in-progress is assessed on an individual basis based on the stage of completion of the contract which is estimated using a combination of the milestones in the contract and the time spent to date compared to the total time expected to be required to undertake the contract. Estimates of the total time required to undertake the contracts are made on a regular basis and subject to management review. These estimates may differ from the actual results due to a variety of factors such as efficiency of working, accuracy of assessment of progress to date and client decision making. See note 15 for the disclosure of the amount of work-in-progress as at the balance sheet date. Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

o) Staff costs and Termination benefits

Staff costs include wages and salaries, social security contributions, pension contributions, and other benefits provided to employees. These costs are recognised as an expense in the period in which the employee has rendered service to the Charity. Any unpaid amounts at the year-end are recognised as a liability.

Termination benefits are recognised as a liability and an expense when the Charity is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. A provision for redundancy is recognised when the Charity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The liability is recognised as the best estimate of the cost at the reporting date.

p) Retirement benefit

The Charity operates a defined benefit pension scheme which was closed to new members in 2002 and is also closed to future accrual. The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death.

The Plan is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Institution must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. It also operates a defined contribution scheme open to existing staff. Defined benefit pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

For the defined benefit pension scheme, the current service costs, gains and losses on settlements and curtailments, and administrative costs are charged to

expenditure. They are included as part of staff costs. Actuarial gains and losses are recognised immediately in 'Other recognised gains/ (losses)'. For the defined contribution scheme, the amounts charged to expenditure in respect of pension costs and the post-retirement benefits are the contributions payable in the year.

q) Operating leases

Rents payable under operating leases are recognised in the Statement of Financial Activities in the year in which they fall due. Future commitments under operating leases are disclosed in the notes to the financial statements.

r) Grant commitments

Scholarships are awarded for a period of study, usually three academic years, with the students' progress being assessed on an annual basis. Expenditure is not accrued beyond each academic year as future payments are subject to a review by the relevant panel, which therefore has discretion to terminate the funding agreement in case the performance-related conditions are not met. Prizes are paid in one instalment at the beginning of the academic year, with the exception of scholarships through the Whitworth fund, annual instalment. Multi-year grants that do not meet the recognition criteria are disclosed as contingent liabilities in the notes to the financial statements.

s) Prior period errors

Prior period errors are omissions from, or misstatements in, the Charity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when the financial statements were authorised for issue and could reasonably have been expected to be obtained and taken into account.

Where a material prior period error is identified, the Charity will restate the comparative amounts for the prior period(s) presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and funds for the earliest prior period presented are restated. The correction is made retrospectively unless it is impracticable to determine the cumulative effect of the error. In such cases, the Charity will restate the comparative information prospectively from the earliest date practicable.

t) Critical accounting estimates and judgements

In the application of the accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. Judgements and estimates are also required for the allocation of support costs to the expenditure headings in the Statement of Financial Activities, as set out in Note 3.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities have been outlined as follows:

Intangible fixed assets

The majority of the cost of intangible fixed assets are based on the capitalisation of both internal and external staff costs. These are allocated to specific projects based on a monthly review of time spent and development output conducted by the Chief Technology Officer, for the Charity's digital modernisation programme, or the relevant General Manager, for commercial training course development.

An annual review is conducted to assess the carrying value of the projects against future expected economic benefits.

Unlisted investments

The Group makes an estimate of the fair value of unlisted investments based on the last price paid for shares and subject to an impairment review for any material changes in circumstance since the last share sale.

Actuarial assumptions in respect of defined benefit pension schemes

The application of actuarial assumptions relating to defined benefit pension schemes is incorporated in the financial statements in accordance with FRS102. In applying FRS102, advice is taken from independent qualified actuaries. In this context, significant judgement is exercised in a number of areas, including future changes in salaries and inflation, mortality rates and the selection of appropriate discount rates. Due to the asset ceiling in place, under FRS102, the Charity is only permitted to recognise the surplus at the Review Date to the extent that it can recover the surplus either through reduced contributions in the future or through refunds from the Scheme. The Scheme is closed to benefit accrual, so it will not be possible to recover a surplus through reduced ongoing contributions.

Bad debt provision

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtors, the aging profile of debtors and historical experience.

Investment property

At each reporting date, the Group makes an estimate of the fair value of investment property based on reports and consultation from external parties and through reviewing the property market and related factors.

u) Reserves

Unrestricted funds are those available for application against any of the Charity’s objectives. Restricted funds are those only available for certain purposes defined by the provider of the original funds. Permanent endowment funds are those where the original gift may not be spent, only any income on those funds, which is placed into a related restricted fund. Expendable endowment funds are those where both the income and the original capital may be spent.

v) Taxation

As a charity the Institution is exempt from Corporation Tax. The tax expense represents the sum of the Corporation Tax currently payable and deferred tax in the commercial subsidiaries. The companies’ liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Input VAT relating to taxable activities is fully recoverable and relating to exempt and out of scope activities is irrecoverable. VAT on support costs is partially recoverable, with the recoverable percentage being recalculated each year. Any irrecoverable VAT is recognised as an expense through support costs in the period to which it relates.

w) Heritage assets

Heritage assets comprise:

- printed books
- archives
- works of art and artefacts.

Additions to heritage assets are made by donation. Reliable and relevant information on the cost of many of the assets is therefore not readily available and there is a lack of comparable market values. As such, none of these assets are recognised in the accounts. Moreover, the Trustees do not consider that a reliable estimate of the fair value can be obtained without incurring costs that would exceed the benefits provided.

2. Net incoming /(outgoing) resources

The consolidated results for the Institution are presented in the statement of financial activities. These include the activity of the parent charity, The Institution of Mechanical Engineers, and the activities of its 100% owned subsidiaries, as detailed below. The incoming resources of the Institution alone for 2024 were £21,515k (2023: 20,348k), and resources expended in 2024 were £22,726k (2023: £19,430k).

	2024 £'000	2023 £'000
Other income		
Administration fee for Whitworth Scholarship Fund	27	12
Profit on disposal of fixed assets	-	14
Total other income	27	26

Subsidiary companies

Professional Engineering Projects Limited, registered in England and Wales (Reg N. 01103638), was established by the Institution as an organisation from which it could conduct the majority of its publishing activities, including the magazines that are made available to members. Whilst this main trade was disposed of during 2010, the company continues to carry on trading in non-charitable activities, mainly provision of training to engineers.

The company also has four wholly owned subsidiary companies as at 31 December 2024, with IMechE Fife NDT Limited (Reg N. 01917207) having been sold on 31 August 2024. The four remaining subsidiaries are IMechE Services Limited (Reg N. 01361114), Siantonas Ball Limited (Reg N. 01655732), Sonaspection Worldwide Limited (Reg N. 04891363), Sonaspection International Limited (Reg N. 02050101), all registered in England and Wales, which carry on non-charitable trading activities. These activities are consolidated on a line-by-line basis with the relevant amounts described as "Other non-charitable trading activities" under Incoming Resources and Resources Expended in the Consolidated Statement of Financial Activities.

Both IMechE Engineering Training Solutions Limited (previously Argyll Ruane Limited) and Siantonas Ball Limited became dormant on 1 January 2014. An application to strike off IMechE Services Limited (Reg N. 01361114) and Siantonas Ball Limited (Reg N. 01655732) was made to the Companies House and accepted by them on 24 December 2024. These subsidiaries have since been dissolved in March 2025 and are no longer part of the IMechE group.

Sonaspection Worldwide Limited (Reg N. 04891363) and Sonaspection International Limited (Reg N. 02050101) as well as its wholly owned subsidiary, Sonaspection Inc registered in the United States of America, were sold on 28 February 2025. These activities are consolidated at Group with the relevant amounts described as "Other non-charitable trading activities" under Incoming Resources and Resources Expended in the Consolidated Statement of Financial Activities.

The whole of the issued share capital of Professional Engineering Projects Limited (£2) is held by nominees on behalf of the Institution. A summary of the subsidiaries’ profit and loss account is shown below. Audited accounts are filed with the Registrar of Companies for the individual companies. These figures are subject to the adjustments mentioned above prior to their incorporation in the Consolidated Statement of Financial Activities.

The Whitworth Scholarships Fund, Charity Reg N. 313756, was established in 1868 under a deed of covenant and trust between Sir Joseph Whitworth and the then President of the Committee of Council on Education.

The Fund is now governed under the terms of a Scheme made by the Charity Commissioners for England and Wales dated 11 December 2001, with the Institution of Mechanical Engineers as the controlling entity.

A summary of the activities of each subsidiary company of the group can be found below:

2024	PEP Ltd	Sona Int'l	Sona Inc	IMechE Services	IMechE Fife NDT
Subsidiary companies	£'000	£'000	£'000	£'000	£'000
Turnover	4,535	2,814	1,348	-	2,352
Cost of sales	(2,080)	(1,479)	(813)	-	(1,185)
Gross profit	2,455	1,335	535	-	1,167
Distribution costs	-	(94)	-	-	-
Administration costs	(1,893)	(905)	(449)	-	(997)
Other income	15	-	-	-	-
Operating profit/(loss)	577	336	86	-	170
Write down of Investment in subsidiaries	(280)	-	-	-	-
Dividends receivable	222	-	-	-	-
Transfer of net assets on management but out	-	-	-	-	(620)
Profit/(loss) before interest and tax	519	336	86	-	(450)
Interest payable and similar expenses	(450)	(1)	-	-	-
Taxation	(54)	(85)	-	-	-
Profit/(loss) for the year	15	250	86	-	(450)
Total assets	3,011	2,707	374	-	-
Total liabilities	(7,026)	(440)	(538)	-	-
Total funds	(4,015)	2,267	(164)	-	-

*IMechE Fife NDT represent the 8 months of activities within the IMechE Group and that as at 31 August 2024 the company was sold via a management buy out.

2023	PEP Ltd	Sona Int'l	Sona Inc	IMechE Services	IMechE Fife NDT
Subsidiary companies	£'000	£'000	£'000	£'000	£'000
Turnover	6,903	1,942	1,130	-	652
Cost of sales	(2,769)	(1,079)	(630)	-	(342)
Gross profit	4,134	863	500	-	310
Distribution costs	-	(62)	-	-	-
Administration costs	(3,580)	(812)	(451)	(4)	(318)
Operating profit/(loss)	554	(11)	49	(4)	(8)
Write down of Investment value	(1,240)	-	-	-	-
Dividends receivable	450	-	-	-	-
Profit/(loss) before interest and tax	(236)	(11)	49	(4)	(8)
Interest payable and similar expenses	(287)	-	-	-	-
Taxation	-	13	-	-	-
Dividends payable	-	(450)	-	-	-
Profit/(loss) for the year	(523)	(448)	49	(4)	(8)
Total assets	3,446	2,170	430	-	1,112
Total liabilities	(6,633)	(239)	(679)	(28)	(663)
Total funds	(3,187)	1,931	(249)	(28)	449

3. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

For administrative purposes the Institution is divided into a number of directorates and then subdivided into departments. Accounting records permit the costs and revenues of all departments to be determined accurately.

The classification of costs in the Consolidated Statement of Financial Activities utilises this information to show expenditure broken-down into broad functional areas

Where costs cannot be directly attributed to a particular heading, they have been allocated to activities on the basis of headcount and floor area.

Total grants paid in the year to individuals was £267k, this was to support the project "Formula Student - Artificial Intelligence" in the construction of Autonomous Vehicle. See website for details. www.imeche.org/events/formula-student/team-information/fs-ai. No grant was paid to institutions in the year.

Notes to the accounts for the year end (continued)

2024	Direct costs	Allocated support costs	Total
	£'000	£'000	£'000
Total resources expended			
Raising Funds			
Non-Charitable activities	9,615	780	10,395
Investment Management Costs	16	-	16
Total Raising Funds	9,631	780	10,411
Charitable Activities			
Groups, Divisions & Events	4,048	2,816	6,864
Marketing & Policy	1,179	1,747	2,926
Business Development	1,201	1,261	2,462
Apprentice End Point Assessment	2,556	350	2,906
Professional Development	462	777	1,239
Information & Library Services	536	498	1,034
Membership Subscriptions	1,301	2,136	3,437
Tenants and Public Facilities	-	637	637
Prizes, Awards & Scholarships	711	-	711
Total Charitable Activities	11,994	10,222	22,216
Total resources expended	21,625	11,002	32,627

2023	Direct costs	Allocated support costs	Total
	£'000	£'000	£'000
Total resources expended			
Raising Funds			
Non-Charitable activities	9,533	452	9,985
Investment Management Costs	15	-	15
Total Raising Funds	9,548	452	10,000
Charitable Activities			
Groups, Divisions & Events	3,522	2,047	5,569
Marketing & Policy	929	1,471	2,400
Business Development	1,179	1,165	2,344
Apprentice End Point Assessment	2,605	325	2,930
Professional Development	405	666	1,071
Information & Library Services	522	353	875
Membership Subscriptions	1,104	1,784	2,888
Tenants and Public Facilities	-	536	536
Prizes, Awards & Scholarships	452	-	452
Total Charitable Activities	10,718	8,347	19,065
Total resources expended	20,266	8,799	29,065

Notes to the accounts for the year end (continued)

2024	Governance and Management	Finance	Information Technology	Facilities and Depreciation	Defined Benefit Pension Scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Allocated Support Costs						
Raising Funds						
Non-charitable activities	153	87	363	177	-	780
Total Raising Funds	153	87	363	177	-	780
Charitable Activities						
Groups, Divisions and Events	1,196	304	389	655	272	2,816
Marketing & Policy	743	189	241	406	168	1,747
Business Development	536	136	174	293	122	1,261
Apprentice End Point Assessment	164	42	54	90	-	350
Professional Development	330	84	107	181	75	777
Information and Library Services	206	52	67	126	47	498
Membership Subscriptions	908	230	295	497	206	2,136
Tenants and Public Facilities	-	-	-	637	-	637
Total Charitable Activities	4,083	1,037	1,327	2,885	890	10,222
Total Resources Expended	4,236	1,124	1,690	3,062	890	11,002

2023	Governance and Management	Finance	Information Technology	Facilities and Depreciation	Defined Benefit Pension Scheme	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Allocated Support Costs						
Raising Funds						
Non-charitable activities	18	23	262	149	-	452
Total Raising Funds	18	23	262	149	-	452
Charitable Activities						
Groups, Divisions and Events	882	227	353	532	53	2,047
Marketing & Policy	633	163	254	383	38	1,471
Business Development	502	129	201	303	30	1,165
Apprentice End Point Assessment	144	37	57	87	-	325
Professional Development	287	74	115	173	17	666
Information and Library Services	144	37	57	106	9	353
Membership Subscriptions	768	198	308	464	46	1,784
Tenants and Public Facilities	-	-	-	536	-	536
Total Charitable Activities	3,360	865	1,345	2,584	193	8,347
Total Resources Expended	3,378	888	1,607	2,733	193	8,799

Support costs comprise the Finance, IT, HR, Maintenance and running costs of One Birdcage Walk, as well as the closed defined benefit pension costs, governance and management of IMechE. These costs are allocated to IMechE’s charitable and commercial activities on a pro-rata basis using headcount or floor area.

4. Taxation

The Institution is considered to pass the tests set out in Paragraph 1, Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable trust for UK income tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 of the Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The Charity's trading subsidiaries are subject to Corporation Tax.

5. Transactions with Members of the Trustee Board

	2024 £'000	2023 £'000
Travel and subsistence expenses	26	33
Number of members reimbursed	No. 7	No. 14

All Trustee costs are reimbursements to Trustees for costs incurred in fulfilling their duties. The Trustees nor any person connected with them receive remuneration.

6. Indemnity Insurance

	2024 £'000	2023 £'000
Indemnity insurance premiums paid	11	11

During 2024 the Institution paid for two insurance policies, covering professional indemnity and the liabilities of Trustees and 'directors and officers'. Cover applies to the Trustee Board, Ordinary Members involved with Institution affairs and employees.

7. Staff employed

	2024 No.	2023 No.
Average numbers of staff employed throughout the year:		
The Institution of Mechanical Engineers	154	149
Professional Engineering Projects Limited	38	45
Sonaspection International Ltd	19	19
Sonaspection Incorporated	8	9
IMechE Fife NDT Ltd	3	5
Total employees	222	227

Employees in IAR Sheffield were charged to IMechE Fife from 01 January 2024, prior to TUPE transfer and divestment in August 2024.

8. Employment costs

	2024 £'000	2023 £'000
Salaries and benefits	11,195	10,636
Employer's social security costs	1,109	1,045
Employer's pension costs	567	551
Total employment costs	12,871	12,232

The numbers of employees whose emoluments for the year (including benefits in kind and redundancy/termination costs), excluding employer's pension contributions, exceeded £60,000 are analysed as follows:

	2024 No.	2023 No.
£60,001 - £70,000	19	16
£70,001 - £80,000	9	13
£80,001 - £90,000	5	4
£90,001 - £100,000	5	6
£100,001 - £110,000	-	1
£110,001 - £120,000	1	1
£120,001 - £130,000	3	1
£130,001 - £140,000	2	1
£180,001 - £190,000	-	2
£190,001 - £200,000	1	-
£250,001 - £260,000	1	-
Total	46	45

42 (2023: 42) of the above employees are members of the defined contribution scheme and none are active members of the defined benefit scheme. The Institution contributed £230,868 as employer pension contributions (2023: £237,302) for these members into the defined contribution scheme.

During the year key management received remunerations and benefits of £1,403,844 (2023: £1,074,506). The remuneration of key management consists of salary, employers' national insurance contributions, pension contributions and benefits in kind. The key management personnel remuneration has included 6 Directorates and 3 additional staff.

The charity designated six Directors as key management personnel.
Number of Directors in 2024: 6 (2023: 6).

Highest paid director - 2024: Sean Fox (2023: Dr Alice Bunn).

	2024 £'000	2023 £'000
Salary	254	181
Benefits	2	4
Total	256	185

Wages and salaries include termination and redundancy payments totalling £206,246, made up of contractual payments of £141,874 (2023 - £4,236) and non-contractual payments of £64,372 (2023 - £2,538). These payments were made to 6 employees (2023: 2 employees).

The non-contractual payments for 2024 were ex-gratia payments of £64,372 (2023: £2,538) and other benefits of £12,511 (2023: nil) made to 6 employees (2023: 1 employee) under the authority of the Trustees as being in the best interest of the Charity. There were no associated liabilities at the year end.

9. Auditor's remuneration

	2024 £'000	2023 £'000
Fees for: the audit of these financial statements	75	116
Fees for: the audit of other group companies	37	37
Total	112	153

10. Pensions

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the Institution must agree with the Trustees of the Scheme the contributions to be paid to meet the Statutory Funding Objective. The Institution operates a defined benefit pension arrangement called the Institution of Mechanical Engineers Staff Pension & Life Assurance Scheme (the Scheme). The Scheme is closed to new members with an effective date of 5 September 2002, and is closed to future accrual. The most recent comprehensive actuarial valuation of the Scheme was carried out as at 31 December 2023, and the next valuation of the Scheme is due as at 31 December 2026.

A defined contribution pension plan has been established for employees who are not eligible to join the defined benefit pension scheme. The Institution has agreed to match employee contributions to the defined contribution plan up to a maximum of 10% of salary. There is an outstanding contribution at the end of the financial year of £119,226 (2023: £128,138).

The pension cost charge for the period represents contributions payable by the Institution to the defined benefit pension plan and amounted to £500,000 (2023: £500,000).

Assumptions	2024 %	2023 %.
Price inflation (RPI)	3.10	2.90
Price inflation (CPI)	2.60	2.50
Salary increases	3.60	3.40
Discount rate *	5.40	4.50
Pension increase (RPI max 5%)	3.00	2.85

Mortality base table	99% S3PMA for males	99% S3PMA for males
	97% S3PFA for females	97% S3PFA for females

* Return on Assets is equal to the discount rate (in line with FRS102).

Mortality assumptions used in 2024 and 2023 are based on the S3PxA tables adjusted to reflect the broad wealth characteristics of each member. Future improvements are assumed to be in line with the CMI projection model, assuming improvements have peaked. The long term improvement is assumed to be 1.25% p.a. (2023: 1.25% p.a.), with weight parameters of 15% (2023: 25%). 80% of members are assumed to take the maximum tax free cash possible (2023: 80% of members are assumed to take the maximum tax free possible).

The assumptions result in life expectancies as follows:

	31.12.24 Years	31.12.23 Years
Male aged 45	22.8	22.7
Male aged 65	21.5	21.5
Female aged 45	25.6	25.6
Female aged 65	24.1	24.2

Current asset split:	Bid values as at 31 Dec 2024 £'000.
Liability Driven Investments	32,742
Corporate Bonds	7,051
Cash	(182)
Annuities	32
Total assets	39,643

Notes to the accounts for the year end (continued)

Balance sheet	2024 £'000	2023 £'000.
Fair value of plan assets	39,643	42,481
Present value of funded obligations	(36,656)	(40,183)
Surplus /(deficit) in scheme	2,987	2,298
Effect of asset ceiling	(2,987)	(2,298)
Net defined benefit asset /(liability)	-	-
*Restated Net defined benefit asset /(liability) has been corrected.		
Amount recognised in SOFA	2024 £'000	2023 £'000
Current service cost	-	(200)
Administration costs	(882)	-
Interest on liabilities	(1,765)	(1,790)
Interest on assets	1,860	1,858
Interest on effect of asset ceiling	(103)	(61)
Total (charge) /gain to SOFA	(890)	(193)
Remeasurements over the period	2024 £'000	2023 £'000
Gains /(losses) on assets in excess of interest	(2,378)	1,947
Experience gains /(losses) on liabilities	(303)	(596)
Gains /(losses) from changes to demographic assumptions	(32)	110
Gains /(losses) from changes to financial assumptions	3,689	(834)
Gains /(losses) from change in effect of asset ceiling	(586)	(934)
Total remeasurements	390	(307)
Change in the value of assets	2024 £'000	2023 £'000
Fair value of assets at start of period	42,481	40,370
Interest on assets	1,860	1,858
Company contributions	500	500
Benefits paid (including expenses)	(1,938)	(2,194)
Administration costs	(882)	-
Return on assets less interest	(2,378)	1,947
Fair value of assets at end of period	39,643	42,481
Actual return on assets	(518)	3,805

Notes to the accounts for the year end (continued)

Change in value of the Defined Benefit liabilities	2024 £'000	2023 £'000
Value of liabilities at start of period	(40,183)	(39,067)
Current service cost	-	(200)
Interest on liabilities	(1,765)	(1,790)
Benefits paid (including expenses)	1,938	2,194
Experience (loss) on liabilities	(303)	(596)
Changes to demographic assumptions	(32)	110
Changes to financial assumptions	3,689	(834)
Value of liabilities at end of period	(36,656)	(40,183)
Reconciliation of effect of asset ceiling	2024 £'000	2023 £'000
Effect of asset ceiling at start of period	(2,298)	(1,303)
Interest on effect of asset ceiling	(103)	(61)
Actuarial gains /(losses) on effect of asset ceiling	(586)	(934)
Effect of asset ceiling at end of period	(2,987)	(2,298)
Sensitivity of the value placed on the liabilities	Approximate effect on liability £'000	
Discount rate -0.5% p.a.		+ 2,182
Inflation +0.5% p.a.		+ 949
Long term rate of mortality improvement increased to 1.5% p.a.		+ 212
Projected SOFA charge for next period as at 31 Dec 2025	2025 £'000	
Administration costs		(882)
Interest on liabilities		(1,928)
Interest on assets		2,079
Interest on effect of asset ceiling		(161)
Total charge to SOFA		(892)

The Institution expected to pay contributions of £500,000 in the year to 31 December 2025, however, following the buy-in in July, this amount will be £292k.

11. Fixed Assets - Intangible Assets

	Goodwill	Website and DM costs	Total
Group		£'000	£'000
Cost			
At 1 January 2024	5,232	7,349	12,581
Additions	-	549	549
Disposals, movements	-	(502)	(502)
At 31 December 2024	5,232	7,396	12,628
Depreciation			
At 1 January 2024	5,232	4,264	9,496
Amortisation charged	-	1,231	1,231
Disposals, movements	-	(317)	(317)
At 31 December 2024	5,232	5,178	10,410
Net Book Value			
At 31 December 2024	-	2,218	2,218
At 1 January 2024	-	3,085	3,085
Institution		Website and DT costs	Total
Cost		£'000	£'000
At 1 January 2024		6,784	6,784
Additions		541	541
At 31 December 2024		7,325	7,325
Depreciation			
At 1 January 2024		3,982	3,982
Amortisation charged		1,167	1,167
Impairment		-	-
At 31 December 2024		5,149	5,149
Net Book Value			
At 31 December 2024		2,176	2,176
At 1 January 2024		2,802	2,802

Website and digital modernisation programme, platform costs

The intangible assets for the Institution is represented by Website and Digital Modernisation (DM) costs. The website development was completed in March 2016 and begun being amortised from April. The DM projects started to come into use during 2019 although there are significant amounts still in development. Both website and DM costs were purchased and developed by the Institution.

12. Fixed Assets - Tangible Assets

	Land and Property	Furniture and Equipment	Total
Group	£'000	£'000	£'000
Cost			
At 1 January 2024	10,883	2,785	13,668
Additions	-	85	85
Transfer to Investment Property	(3,565)	-	(3,565)
Disposals, movements	-	(1,045)	(1,045)
At 31 December 2024	7,318	1,825	9,143
Depreciation			
At 1 January 2024	5,890	2,113	8,003
Transfer to Investment Property	(1,087)	-	(1,087)
Disposals, movements	-	(835)	(835)
Amount charged	238	207	445
At 31 December 2024	5,041	1,485	6,526
Net Book Value			
At 31 December 2024	2,277	340	2,617
At 1 January 2024	4,993	672	5,665
Institution	Land and Property	Furniture and Equipment	Total
Cost	£'000	£'000	£'000
At 1 January 2024	10,426	1,426	11,852
Additions	-	74	74
Transfer to Investment Property	(3,565)	-	(3,565)
At 31 December 2024	6,861	1,500	8,361
Depreciation			
At 1 January 2024	5,713	1,095	6,808
Transfer to Investment Property	(1,087)	-	(1,087)
Amount charged	187	134	321
At 31 December 2024	4,813	1,229	6,042
Net Book Value			
At 31 December 2024	2,048	271	2,319
At 1 January 2024	4,713	331	5,044

The Institution's head office at One Birdcage Walk is included in Land and Property above at its depreciated historical cost. The Trustees believe that its open market value is significantly in excess of this historical cost based on carrying value.

The Institution owns the freehold of One Birdcage Walk and its head office. Whilst part of the building is let out to third parties, the entire property is accounted for within tangible fixed assets at cost less depreciation as the fair value of the investment property component cannot be reliably measured without undue cost or effort.

13. Fixed Assets - Investment Property

Group and Institution	Investment Property £'000	Total £'000
At 1 January 2024	-	-
Transfer from freehold property	3,565	3,565
Transfer of depreciation	(1,086)	(1,086)
Revaluation	(1,329)	(1,329)
At 31 December 2024	1,150	1,150

During the year, the Institution reclassified its property at Europa View, Sheffield, from freehold property to investment property, in accordance with the applicable reporting framework, as the property is now held to generate rental income for the Institution. The property has been included in the financial statements at a valuation of £1,150,000 which is considered by the Trustees to be its fair value at the balance sheet date. The valuation is based on the results of a marketing report conducted on 30 January 2025 by Knight Frank LLP, a recognised firm of valuers who are independent of the Institution.

Heritage assets

The Institution holds a collection of heritage assets relating to the history of the Institution itself and the wider history of mechanical engineering, which includes printed works, pictures, and other artefacts. All these items have been donated to the Institution some time ago and so information on their cost or valuation is not available and cannot be obtained at a cost commensurate with the benefit to the users of the accounts and the Charity.

The collection is broadly split into the following categories:

Printed works

The Institution has one of the strongest specialist engineering libraries in the UK, holding unparalleled physical collections relating to mechanical engineering and comprising over 90,000 titles. These range from very early works such as Theatrum instrumentorum et machinarum, published in 1578, to extensive scarce nineteenth and early twentieth century works to current reference works and British Standards. Subjects covered include fluid mechanics, tribology, combustion engines, automotive engineering, environment and emissions, risk and reliability, energy, machine tools and pressure vessels.

Archives

The archive collection dates from 1726 and is comprised of documents, volumes, engineering drawings, digital files and an extensive photographic collection relating to engineers, engineering firms and engineering products. The collection also includes the business and administrative records of the Institution of Mechanical Engineers as well as the Institution of Locomotive Engineers and the Institution of Automobile Engineers.

Works of art and artefacts

The collection is comprised of over 50 portraits and busts of prominent engineers including many former Presidents of the Institution and over 100 artefacts including models, instruments and personal items of engineers.

The Institution's collections are managed by the Information and Library Service according to the relevant professional standards for each format of material. Expenditure, which in the Trustees' view is required to preserve or clearly prevent deterioration of individual collection items, is recognised in the income and expenditure account when it is incurred.

There have been nil donations made in 2024 (2023: nil). No further additions or disposals of heritage assets were made in the last three years.

14. Investments-Mixed Motive

	2024		2023	
	Cost	Market Value	Cost	Market Value
Group and Institution	£'000	£'000	£'000	£'000
Analysis of Investments - UK				
Stephenson LLP	1,928	2,377	1,915	2,602
	1,928	2,377	1,915	2,602

	2024 £'000	2023 £'000
Market value at 1 January	2,602	3,082
Acquisitions	13	36
Net investment (loss)	(238)	(516)
Market Value at 31 December	2,377	2,602

Unrealised investment gain at 31 December	439	677
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15. Fixed Assets - Investments

	2024		2023	
	Cost	Market Value	Cost	Market Value
Group	£'000	£'000	£'000	£'000
Analysis of Investments - UK				
Fixed Interest Unit Trusts	-	-	170	483
Equities Unit Trusts	-	-	1,257	6,442
Charities Official Inv. Fund Income Units	1,066	3,456	1,067	3,380
Cash	-	59	44	44
Property - let on 999 year lease	9	9	9	9
	1,075	3,524	2,547	10,358
Multi-Asset Funds - Not Listed	14,418	16,073	7,801	8,327
Total Investments	15,493	19,597	10,348	18,685

Notes to the accounts for the year end (continued)

	2024		2023	
	Cost	Market Value	Cost	Market Value
	£'000	£'000	£'000	£'000
Analysis of Funds and Ranges				
Reserve Fund - Unrestricted				
Free range	2,981	3,423	3,024	3,152
	2,981	3,423	3,024	3,152
Whitworth Scholarships Fund				
Restricted	2,435	2,598	765	2,731
Endowment	4,182	4,432	662	4,194
	6,617	7,030	1,427	6,925
General Trust				
Wider range	3,365	4,002	3,373	3,678
	3,365	4,002	3,373	3,678
James Clayton				
Wider range	1,455	1,677	1,449	1,542
Special - property	9	9	9	9
	1,464	1,686	1,458	1,551
Education & Research				
Charities Official Inv. Fund Income Units	829	2,661	829	2,602
Sundry Small Trusts				
Charities Official Inv. Fund Income Units	237	795	237	777
	15,493	19,597	10,348	18,685

The above figures refer to investments held by the Group, the figures for the Institution exclude the investments held by the Whitworth Scholarships Fund.

The investments of the Reserve Fund, General Trust, James Clayton Trust and Whitworth Scholarships Fund are managed by Schroder & Co Limited. The let property is part of the James Clayton Trust Fund and was included as part of assets left to the Institution in the Will of the late James Clayton. General Trust and Whitworth Funds are expendable endowments not permanent endowments. A summary of the investment powers can be found in the Administrative Details section.

The carrying value of investments in subsidiaries amounted to £2.

	2024 £'000	2023 £'000
Movement of Investments		
Market value at 1 January	18,641	18,114
Sales proceeds	(296)	(210)
Net investment gain /(loss)	1,193	737
Market value (excluding cash) at 31 December	19,538	18,641
Cash awaiting investment	59	44
Total market value at 31 December	19,597	18,685
Historic cost at 31 December	(15,493)	(10,348)
Unrealised investment gain at 31 December	4,104	8,337

Notes to the accounts for the year end (continued)

	2024 £'000	2023 £'000
Interest and Dividends		
Dividends receivable from unit trusts	374	699
Bank interest - general funds	125	96
	499	795

All the dividend and loan stock interest arises from the investments detailed above.

16. Stocks

	Group		Institution	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Work in progress	108	51	-	-
Finished goods and goods for resale	105	176	6	11
	213	227	6	11

17. Debtors

	Group		Institution	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Amounts due within 1 year:				
Trade debtors	1,676	2,428	503	666
Other debtors incl. VAT, other taxes	458	213	313	203
Prepayments and accrued income	899	1,202	761	912
Amounts due from group companies	-	-	1,120	1,166
	3,033	3,843	2,697	2,947
Amounts due after more than 1 year:				
Other debtors incl VAT, other taxes	354	-	-	-
Loans due from group companies	-	-	5,121	4,279
	3,387	3,843	7,818	7,226

Loans from group companies are charged interest at a rate of 2% above the National Westminster Bank base rate.

A loan of £5.1M was provided to Professional Engineering Projects Limited to permanently fund the acquisitions of the trading companies acquired between 2011 and 2015. It is repayable on 53 weeks' notice or by any net proceeds of the sale of the acquired companies.

As a result of recent legal advice sought in 2023, the trustees have concluded that a decision made in 2022, to write-off a debt of £843k owed to IMechE by IMechE's trading subsidiary Professional Engineering Projects Limited ('PEP Limited'), was incorrect. This has been reported to the Charity Commission in the usual way for such instances, and the Charity Commission has confirmed support for the decision-making process. Based on professional advice the loan has been reinstated following the issuance of a new loan agreement in 2024 accounts and now restores the Charity's financial position, including interest to that same state as it would have been had the write-off never taken place.

18. Creditors - Amounts falling due within one year

	Group		Institution	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade creditors	1,472	1,045	947	698
Other creditors	177	192	169	178
Amounts due to group companies	-	-	-	389
Accruals	1,260	1,229	899	716
Grants payable	47	45	-	-
Bank loan	10	20	-	-
Taxation and social security	642	614	437	554
	3,608	3,145	2,452	2,535
Deferred income	4,829	5,341	4,501	4,694
Total creditors	8,437	8,486	6,953	7,229

Deferred income represents the value of membership subscriptions, property rents, and event income received in respect of the next calendar year.

	Group		Institution	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Reconciliation of deferred income:				
Balance at 1 January	5,341	4,519	4,694	4,137
Amount released to income	(5,253)	(4,806)	(4,606)	(4,264)
Amount deferred in the year	4,741	5,628	4,413	4,821
Balance at 31 December	4,829	5,341	4,501	4,694

19. Creditors - Amounts falling due greater than one year

	Group		Institution	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank loan - UK Bounce Back	11	43	-	-

The bank loans were issued under the COVID-19 'Bounce-back' scheme in January 2021 to two IMechE's subsidiaries, Professional Engineering Projects Limited and Sonaspection International Limited. No interest charges or repayments were due for the first 12 months. The loans bears interest at 2.5% and was repayable over a five year period. The Sonaspection International Ltd loan has been fully repaid in 2024.

20. Operating lease commitment

The operating lease charges represent leasehold leases from third. One of the leases is negotiated over terms of 10 years with fixed rentals for two years and includes a provision for five-yearly upward rent reviews according to prevailing market conditions. The last rent review took place in 2024. The second lease is for a period of twelve months, expiring in August 2025. Total lease payment in the year was £74,810 (2023: £111,226).

As detailed in Note 28. Post Balance Sheet Event, in February 2025, Sonaspection International Limited left the IMechE Group. Following the company's divestment, the Group is no longer committed to the operating lease on the property at Westgate, Lancashire. Lease payments in respect of this lease are included in the total lease commitment and the split of these is as follows: within one year - £76k, between one and five years - £268k.

In the preparation of these financial statements, it was identified that the comparative information included an error, such that the disclosure of operating lease commitments between one and five years was stated as £494k. The correction of this error has been made by restating the comparative financial information below.

As at the year end, the total of future minimum lease payments under non-cancellable operating leases for each of the following periods is:

	2024 £'000	2023 (restated) £'000
Movement of Investments		
Within one year	86	111
Between one and five years	268	457
Over five years	-	152
	354	720

21. Grant commitments

These sums have been provisionally approved as grants to be made to current scholars for completion of their studies. Because the Trustees have further actions to take on them before releasing for payment, they have not been accrued in this year's accounts. No discounting has been applied to grant commitments due in more than one year.

	Group		Institution	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Scholarship commitments due within one year	415	204	62	38
Scholarship commitments due after one year	809	242	121	8
Total scholarship commitments	1,224	446	183	46

22. Analysis of group net assets between funds

2024 Group	Unrestricted £'000	Endowment £'000	Restricted £'000	2024 Total £'000
Fund balances at 31 December 2024 are represented by:				
Intangible fixed assets	2,218	-	-	2,218
Tangible fixed assets	2,617	-	-	2,617
Investment property	1,150	-	-	1,150
Investments: listed	3,423	12,721	3,453	19,597
Investments: social	2,377	-	-	2,377
Current assets and liabilities	5,830	(777)	205	5,258
Non-current liabilities	(11)	-	-	(11)
Total	17,604	11,944	3,658	33,206

2023 Group	Unrestricted £'000	Endowment £'000	Restricted £'000	2023 Total £'000
Fund balances at 31 December 2023 are represented by:				
Intangible fixed assets	3,085	-	-	3,085
Tangible fixed assets	5,665	-	-	5,665
Investments: listed	3,152	12,794	2,739	18,685
Investments: social	2,602	-	-	2,602
Current assets and liabilities	5,200	(1,607)	977	4,570
Non-current liabilities	(43)	-	-	(43)
Total	19,661	11,187	3,716	34,564

2024 Institution	Unrestricted £'000	Endowment £'000	Restricted £'000	2024 Total £'000
Fund balances at 31 December 2024 are represented by:				
Intangible fixed assets	2,176	-	-	2,176
Tangible fixed assets	2,319	-	-	2,319
Investment property	1,150	-	-	1,150
Investments: listed	3,423	8,289	855	12,567
Investments: social	2,377	-	-	2,377
Current assets and liabilities	9,958	(781)	-	9,177
Total	21,403	7,508	855	29,766

2023 Institution	Unrestricted £'000	Endowment £'000	Restricted £'000	2023 Total £'000
Fund balances at 31 December 2023 are represented by:				
Intangible fixed assets	2,802	-	-	2,802
Tangible fixed assets	5,044	-	-	5,044
Investments: listed	3,152	8,600	8	11,760
Investments: social	2,602	-	-	2,602
Current assets and liabilities	8,969	(1,607)	919	8,281
Total	22,569	6,993	927	30,489

23. Capital and Income Funds – Analysis

Group	Notes	Balance 01.01.2024 £'000	Incoming Resources £'000	Resources Expended £'000	Gains & (Losses) £'000	Corporation Tax £'000	Transfers/ Adjustment £'000	Balance 31.12.2024 £'000
Unrestricted Funds								
Institution, Reserve Fund & PEP Ltd		19,661	31,179	(31,639)	431	-	-	19,632
Gain/ loss on sale of subsidiary		-	-	-	(560)	-	-	(560)
Loss on revaluation of investment property		-	-	-	(1,329)	-	-	(1,329)
Non trading corporation tax		-	-	-	-	(139)	-	(139)
Total Unrestricted Funds		19,661	31,179	(31,639)	(1,458)	(139)	-	17,604
Restricted Funds								
Whitworth Scholarships Fund		2,788	235	(379)	158	-	-	2,802
General Trust (includes legacy)		83	161	(273)	1	-	28	-
James Clayton Trust		121	67	(19)	-	-	-	169
Trust for Education & Research		402	-	(31)	-	-	-	371
Clive Hickman Fund		22	8	-	-	-	-	30
Sundry small trusts		300	1	(15)	-	-	-	286
Grants		-	267	(267)	-	-	-	-
Total Restricted Funds		3,716	739	(984)	159	-	28	3,658
Endowment Funds								
Whitworth Scholarship's Fund		4,194	-	-	242	-	-	4,436
General Trust		2,596	-	-	328	-	(28)	2,896
James Clayton Trust		1,480	-	-	138	-	-	1,618
Trust for Education & Research		2,335	-	-	59	-	-	2,394
Sundry small trusts		582	-	-	18	-	-	600
Total Endowment Funds		11,187	-	-	785	-	(28)	11,944
Total Funds		34,564	31,918	(32,623)	(514)	(139)	-	33,206

Institution	Notes	Balance 01.01.2024 £'000	Incoming Resources £'000	Resources Expended £'000	Gains & (Losses) £'000	Corporation Tax £'000	Transfers/ Adjustment £'000	Balance 31.12.2024 £'000
Unrestricted Funds								
Institution, Reserve Fund		22,568	21,011	(22,121)	431	-	-	21,889
Restatement of FY22 loan write off	17	-	-	-	-	-	843	843
Loss on revaluation of investment property	12	-	-	-	(1,329)	-	-	(1,329)
Total Unrestricted Funds		22,568	21,011	(22,121)	(898)	-	843	21,403
Restricted Funds								
General Trust (includes legacy)		83	161	(273)	1	-	28	-
James Clayton Trust		121	67	(19)	-	-	-	169
Trust for Education & Research		402	-	(31)	-	-	-	371
Clive Hickman Fund		22	8	-	-	-	-	30
Sundry small trusts		299	1	(15)	-	-	-	285
Grants		-	267	(267)	-	-	-	-
Total Restricted Funds		927	504	(605)	1	-	28	855
Endowment Funds								
General Trust		2,596	-	-	328	-	(28)	2,896
James Clayton Trust		1,480	-	-	138	-	-	1,618
Trust for Education & Research		2,335	-	-	59	-	-	2,394
Sundry small trusts		582	-	-	18	-	-	600
Total Endowment Funds		6,993	-	-	543	-	(28)	7,508
Total Funds		30,488	21,515	(22,726)	(354)	-	843	29,766

All funds are restricted to promoting education in all Engineering disciplines through the award of scholarships, prizes and awards to suitable qualified applicants.

General Trust

The purposes of the General Trust have been widely drawn to allow the Trustee Board flexibility in using the trust's resources. Currently, funds are used almost exclusively for prizes and awards in the field of mechanical engineering.

James Clayton Trust Fund

The James Clayton Fund is a linked charity 206882-21. The purpose of the trust is to provide various prizes and awards in the field of mechanical engineering. The income to be distributed annually on research, investigation, and the encouragement of modern mechanical engineering science.

Trust for Education and Research

The purpose of the trust is to provide various prizes and awards for education and research in the field of mechanical engineering. The Trust Deed does not grant specific investment powers.

Bruce Ball National Certificate Prize Fund

The Bruce Ball National Certificate Prize Fund is a linked charity 206882-5. The purpose of this fund is for the provision of an annual prize to student in Scotland showing outstanding industry and merit in part-time courses leading up to the award of both O and H.N.C in Mechanical Engineering. The Trust Deed provides no investment powers beyond those granted by Trust Law.

C C Pounder National Certificate Prize Fund

The C C Pounder National Certificate Prize Fund is a linked charity 206882-6. The purpose is to award a prize annually to a student deemed to have shown outstanding industry and merit in part-time courses leading to the award in Mechanical Engineering in Northern Ireland of both certificates in M.E. The Trust Deed provides no investment powers beyond those granted by Trust Law.

Tribology Award Fund

The Tribology Award Fund is a linked charity 206882-38. This Trust was established to award annually a gold medal for outstanding achievement in the field of tribology. The Trust Deed provides unrestricted investment powers.

James Watt International Medal Fund

The James Watt International Medal Fund is a linked charity 206882-42. The purpose of the fund is to award biennially a gold medal for outstanding achievement in the advancement of the science of mechanical engineering. The Trust Deed provides investment powers identical to those available in the Institution By-Laws.

Spencer Wilks Trust

The Spencer Wilks Trust is a linked charity 206882-39. The purpose of the trust is to promote, advance, assist, or encourage the study of and technical education in, the engineering aspects of transportation. The Trust Deed provides unrestricted investment powers.

Research and Development Trust Fund

The Research and Development Trust Fund is a linked charity 206882-43. This Trust was established to promote and support research and development in the field of mechanical engineering. The Trust Deed provides unrestricted investment powers.

Clive Hickman Fund

The purpose of the fund is to provide young people under the age of 30 funding apprenticeships, scholarships, maintenance allowances or grants including business start-up grants. The Trust Deed does not grant specific investment powers.

Grants

The purpose of the grant is for Formula students to build an Autonomous Vehicle. The Grant fund is made pursuant to section 8 of Industrial Development Act 1982.

24. Trust and Prize Fund Individual Accounts

General Trust

Benefactors comprise:

James Bates	Thomas Bernard Hall
Horace Bedford	Herbert Edward Hancocke
Charles Sharpe Beecher	Francis Hewlett
William Bennett	Lord Hinton of Bankside
Joseph Bramah	Shirley Nelson Howe
T H Carr	Robert Herbert Innes
Thomas Andrew Common	Kenneth Harris James
Gresham Cooke	Anne Labrow
Winifred Smart Crabtree	Olive Mary Main
George Curry	Ernest William Moss
Bernard Incledon Day	The Reactionaries
Bryan Conkin	Charles Howard Readman
H V Disney	William Sweet Smith
A H Duncan	A M Strickland
Christian Peter Dunkel	Clifford S Steadman
John Edward Elliott	Thomas Stephen
James Moir Forbes	Thatcher Bros.
Sir Hugh Ford	Fredrick Barnes Waldron
Winifred Foreman	Edwin Walker
Andrew Fraser	Neil Watson
Thomas Lowe Gray	Viscount Weir
Donald Julius Groen	Frau May Borner Wylie

Trust for Education and Research

Benfactors and predecessor Trusts comprise

John F Alcock Memorial Prize	Frank Radcliffe
Carl Louis Breedon	Alfred Rosling Bennett Premium
Henry Stacey Cattermole	Clarence Noel Goodall
Engineering Applied to Agriculture	Charles S Lake
Filtration	Rover Midlander
M M Flatman	T A Stewart Dyer
Thomas Hawksley	Fredrick Harvey Trevithick
Hele-Shaw National Certificate	Sir Seymour Briscoe Tritton
Mrs P M Lowery	Stanley Herbert Whitelegg
Manville Bequest Scholarship	Safety Award in Mech. Engineering
E May	Starley Premium
Ludwig Mond	George Stephenson Research
F G Moore	Herbert Ackroyd Stuart
Arthur Morley Higher National Diploma	The Students Aid
John Player Lectureship	Water Arbitration
Raymond Coleman Prescott Scholarship	Willans Premium
William Alexander Agnew Meritorious	L Marson
Alastair Graham-Bryce	Margaret Winifred Astridge

The above trust funds are under the trusteeship of the Institution of Mechanical Engineers. Because of the limited space available, the information presented is, of necessity, brief. If you would like more details, please contact the Secretary to the Trustee Board Awards Committee.

25. Related Party Transactions

	2024 £'000	2023 £'000
Amounts due from Professional Engineering Projects Limited	1,027	168
Amounts due from IMechE Services Limited	-	18
Amounts due from Sonaspection International Limited	122	12
Amounts due from Sonaspection Incorporated	29	15
Amounts due from/to IMechE Fife NDT Limited	-	571
Loan due from Professional Engineering Projects Limited	5,121	4,279

All amounts are considered to be repayable on demand during the year except the loan which has a 53 week notice period of repayment.

Professional Engineering Projects Limited	2024 £'000	2023 £'000
Amounts due from/to Siantonas Ball Limited	-	(223)
Amounts due from/to IMechE Fife NDT Limited	-	(218)
Amounts due from Sonaspection International Limited	28	(69)
Amounts due from Sonaspection Incorporated	28	26
Transactions with IMechE Fife NTD Limited	-	63
Transactions with Sonaspection International Limited	-	13

Dr Clive Hickman, appointed as Trustee on 25 May 2022, is the Chairman at The Manufacturing Technology Centre Limited and its subsidiary, MTC Operations Limited. In 2024, the Institution and its subsidiaries paid the MTC Group £121,141 (2023: £32,684) for event attendance, and catering and venue hire services. The Institution and its subsidiaries charged the MTC Group Nil (2023: nil) for event attendance, accreditation fees, and standard samples. At 31 December 2024, the balance receivable was Nil (2023: nil) and the balance payable was Nil (2023: nil). Dr Clive Hickman made a donation of £7,500 (2023: £22,125).

Neil Kelly is a Director of Sonaspection International Limited appointed on 29 June 2020, whose close related family member is the owner of Kelly Contracting. Kelly Contracting provides electrical material and labour and has been providing a service for a number of years. Kelly Contracting charged £3,192 during the year to 31 December 2024 (2023: £889). Kelly Contracting has a balance payable as at 31 December 2024 of Nil (2023: nil).

26. Reconciliation of net income to net cash flow from operating activities

	2024 £'000	2023 £'000
Net (expenditure) /income for the reporting period (as per the statement of financial activities)	(1,748)	1,417
Adjustments for:		
(Gain)/Loss on disposal of tangible assets	(877)	(14)
(Gain)/Loss on disposal of intangible assets	185	-
Amortisation	1,231	1,141
Depreciation charges	445	571
Dividends and interest	(499)	(795)
(Increase)/decrease in debtors	456	(450)
Increase/(decrease) in creditors excluding loans	(40)	301
(Increase)/decrease in stocks	14	(36)
Revaluation loss Sheffield	1,329	-
W/off investment of sub -SIA	223	-
IAR/Fife interco bal adj	669	-
(Gain)/losses on investments	(985)	(234)
Net cash provided by operating activities before pension scheme costs	403	1,901
(Increase) /decrease in Defined benefit pension scheme costs	390	(307)
Net cash provided by operating activities	793	1,594

27. Financial Instruments

	Group		Institution	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Amounts due within 1 year:				
Financial assets measured at amortised cost	11,981	11,709	8,927	9,031
Financial liabilities measured at amortised cost	2,929	2,530	2,011	1,590
Financial assets measured at fair value	21,974	21,287	14,944	14,362

28. Consolidated Statement of Financial Activities

	Unrestricted Funds	Restricted Funds	Endowment Funds	2023 Total £'000	2022 Total £'000
Income and Endowments from:	£'000	£'000	£'000		
Donations and Legacies	-	22	-	22	21
Charitable activities					
Membership subscriptions	13,739	-	-	13,739	12,706
Groups, Divisions & Events	2,114	-	-	2,114	1,621
Professional development & Membership	198	-	-	198	211
Information & Library services	5	-	-	5	4
Apprentice End Point Assessment	2,805	-	-	2,805	2,243
Other trading activities					
Venue hire, Training, Exam Services, Consultancy, Flawed Samples	10,076	-	-	10,076	9,826
Marketing, advertising and merchandise	29	-	-	29	7
Investments					
Interest & Dividends	226	569	-	795	701
Other					
Other income	26	-	-	26	4
Rents Receivable	439	-	-	439	524
Total	29,657	591	-	30,248	27,868
Expenditure on:					
Raising funds					
Non-charitable trading activities	9,985	-	-	9,985	10,502
Investment management costs	6	9	-	15	16
Charitable activities					
Groups, Divisions & Events	5,569	-	-	5,569	5,236
Marketing	2,400	-	-	2,400	2,182
Membership Development	2,344	-	-	2,344	2,148
Apprentice End Point Assessment	2,930	-	-	2,930	2,178
Professional development	1,071	-	-	1,071	914
Information & Library Services	875	-	-	875	804
Membership Subscriptions	2,888	-	-	2,888	2,617
Tenants & Public Facilities	536	-	-	536	495
Prizes, Awards and Scholarships	-	452	-	452	589
Total	28,604	461	-	29,065	27,681
Net Gains /(losses) on investment assets	(473)	138	569	234	(1,582)
Net income/(expenditure)	580	268	569	1,417	(1,395)
Transfer between funds	(10)	10	-	-	-
Net income/(expenditure) after transfers	570	278	569	1,417	(1,395)
Other recognised gains /(losses)					
Actuarial gains /(losses) on defined benefit pension scheme	(307)	-	-	(307)	(301)
Net movement in funds	263	278	569	1,110	(1,696)
Reconciliation of funds					
Total funds brought forward	19,398	3,438	10,618	33,454	35,150
Total funds carried forward	19,661	3,716	11,187	34,564	33,454

29. Post Balance Sheet Event

On 28 February 2025, the Charity's direct subsidiary, Professional Engineering Projects Limited (Company no. 01103638), sold its subsidiary companies; Sonaspection International Limited (Company no. 02050101), Sonaspection Worldwide Limited (Company no. 04891363), and Sonaspection Incorporated, a company registered in the US, for consideration of £1.478m. Following the sale, these companies are no longer part of the IMechE Group.

Trustees have committed to a loan to the defined benefit pension scheme of up to £3.4m to enable a buy-in of the scheme by PIC (Pension Insurance Company) to significantly derisk IMechE's exposure to this scheme. The buy-in is the forerunner of the full buy-out of this scheme, which is expected to happen in 2027; the cost of which is also within the £3.4m maximum loan amount. As a result, the annual payment of £500k to the pension scheme for top up and fees will stop from August 2025 onwards. It is also important to note that whilst this is set up as a loan, the working assumption is that this loan will not be recovered, though it is typically set up as such to avoid any trapped funds within the pension scheme at wind down, in the event there are surplus funds. A payment of £2.1m was paid for this in July 2025, with funds up to the balance due at the time of buy-out in two years' time.

30. Contingent Asset

At the balance sheet date, the Institution was notified of a residuary legacy with an estimated value of £162,000. In accordance with the Charity SORP (FRS102), the legacy has not been included in the Statement of Financial Activities or Balance Sheet as it has not met the income recognition criteria regarding reliable measurement. It is however being disclosed as a contingent asset since the reliable measurement of the value of this legacy is not entirely under the IMechE's control.

**Institution of
Mechanical Engineers**

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