



ANNUAL REPORT AND FINANCIAL STATEMENTS 2011

THE INSTITUTE OF MATERIALS,
MINERALS AND MINING

CHARITY REGISTRATION NO: 269275



The Institute of Materials,
Minerals and Mining

The global network for the materials cycle



The Institute of Materials,
Minerals and Mining

The Institute of Materials Minerals and Mining (IOM3) is a registered charity with registration number 269275.

The principal office of the Institute is 1 Carlton House Terrace, London SW1Y 5DB.

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INTRODUCTION

The Institute is a professional body seeking to promote all aspects of the science, engineering and technology of materials, minerals and mining through its members for the benefit of mankind. The trustees, who are duly elected members of Council, are pleased to present their annual report together with the financial statements of the Institute for the year ended 31 December 2011.

The annual report and financial statements have been prepared in accordance with the provisions of 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)'.

PRESIDENT'S FOREWORD

AN OVERVIEW FROM JAN LEWIS INCORPORATING HIGHLIGHTS OF THE YEAR

This annual report reflects on the three key themes that have been progressed over the past financial year, namely: membership, income generation and governance.

Membership has shown a gradual and steady decline over the last five years, despite mergers and the hard work of many individuals. This is not an uncommon picture within professional institutes as they all strive to prove continued relevance in today's market place. In recent times and despite recession economics, a few institutes have bucked the trend and have shown steady growth. We must learn from them and replicate their success. IOM3 is a family of a wide range of disciplines and some cite that as a problem, arguing that we lack focus. I do not accept this and believe the key is that each discipline has enough members to have its own identity and sufficient critical mass to benefit from being part of a larger entity. Increasing that critical mass will come from international members which currently stand at 20% of our membership.

Although we are a member based organisation, 75% of our income comes from other sources. We continue to manage that income carefully and strive to develop new sources to replace those which will inevitably decline, as business and the world continue to change.

While I was Senior Vice President we started to look at our own governance and how that could be improved, particularly in light of Charity Commission best practice. We have taken the opportunity to carry out a thorough review and make proposals for the revision of the Institute's Charter, Bye-Laws and Regulations for approval by the appropriate authorities and the members. I am pleased to report that proposals are now at an advanced stage to create a much smaller trustee group of 16 people (IOM3 Board) and retain the council as an advisory body (Advisory Council) with systems which provide appropriate checks and balances. I look forward to putting the detailed proposals to a membership vote later in the year.



My presidential term covers the years 2011 and 2012 and this is the only report that will cover a whole year of my presidency. I would therefore like to reflect on three highlights over the last year. The Young Persons' World Lecture Competition is one of our most successful events. In September 2011, I travelled to Brazil to attend the competition final and give out the prizes. I combined the trip with other Institute activity but was delighted to be able to see the CBMM's niobium mine, environmental centre and the social infrastructure the mine supports. CBMM is a truly responsible miner and has been a very generous sponsor of the competition. Secondly, I am very lucky to award many medals and prizes on behalf of the Institute to hardworking and inspirational individuals. The highlight of the award ceremonies was the lunch we held at 1 Carlton House Terrace in February 2012 for HRH Prince Philip following the presentation at Buckingham Palace of his award to Biocompatibles. Thirdly, I would like to compliment the hard work of our affiliated local societies and thank them for their hospitality during my presidency. As an example, Sarah Boad and I were warmly welcomed by the Ebbw Vale Metallurgical and Historical Society at their 75th anniversary dinner in Abergavenny in March 2012. Local societies are a key part of the Institute's community and I look forward to visiting more of them before the end of my presidency.



HRH Prince Philip presenting his award to Biocompatibles; Judges and participants in the 2011 World Lecture Competition; Members of the Ebbw Vale Metallurgical and Historical Society at their 75th anniversary dinner

CHIEF EXECUTIVE'S REVIEW

BERNIE RICKINSON'S REVIEW OF OUR ACHIEVEMENTS AND PLANS TO TACKLE THE CHALLENGES AHEAD

Over the last few years we have been concerned about the impact of the recession and the ensuing austerity programme on our ability to generate the necessary income to achieve our corporate aims. We have necessarily concentrated our efforts on protecting our financial position and the financial review shows that we have been successful in this respect. Whilst we have not realised all of the plans set for 2011, we have made good progress in a number of important areas and these are covered in the annual review.

I am pleased to report that we have completed a major reorganisation of our resources involving the rationalisation of operating premises and bringing sales, marketing, design services and technical expertise in-house. These changes have been designed to improve operational efficiency, reduce production costs, enhance the visibility of Institute products and the customisation of services to meet our community's needs. As a result we are better placed to increase income from current charitable trading activities and to develop new sources of income to replace those that might decline.

Although we have achieved our financial aims, we have not been able to halt the decline in membership to date. Recognising this, the managing board set up a working group to investigate the reasons behind this and to identify the actions necessary to increase individual, company and school membership. A plan of campaign has been developed and new resources will be applied to increase our worldwide membership.

For many years, the Institute has provided significant support to government programmes particularly the Materials Knowledge Transfer Network which is funded by the Technology Strategy Board to accelerate business innovation. Over the last year or so, the Institute has been working with various government departments to assist in the reduction of metal theft, in the identification of new concepts to deter crime and in forecasting materials at risk in the next decade. Over the years, this work has enhanced the reputation of the Institute and its members within government circles.

The Institute is a vibrant organisation that punches above its weight through the work of dedicated and professional staff working alongside an equally dedicated group of volunteers. I would like to give my personal thanks to the staff, trustees, board and other members for their valued contribution during a time of continuing change.



TRUSTEES' REPORT

VISION

Our vision is to be recognised as the global leader for professionals involved with the materials cycle.

MISSION

- To promote the science, design, engineering and technology of materials, minerals and mining and their practical applications.
- To facilitate qualifications, professional recognition and development, and to deliver knowledge, information and networking services to a global membership and wider community.

PUBLIC BENEFIT

Materials form an integral and important part of all our lives. The materials cycle covers the exploration and extraction of raw materials from the earth, processing them into industrial/engineered materials, application of these materials, recycling of waste and the ultimate disposal of waste in an environmentally friendly way. It is more important than ever that the scientists, engineers and technologists involved in the materials cycle are qualified and experienced to make the best use of materials in terms of economics, efficiency and sustainability for the benefit of the public. The Institute makes a major contribution to this through its objectives and activities.

The Institute has referred to the guidance contained in the Charity Commission's guidance on public benefit when reviewing its aims and objectives and in planning future activities. In particular the Council considers how planned activities will contribute to the aims and objectives it has set.

CORPORATE AIMS

Our strategic plan contains the following corporate aims:

- Increase the membership and the retention of members.
- Promote the importance and relevance of our subject areas and increase our influence.
- Improve membership services in extent, quality and perception.
- Operate at a surplus with sufficient reserves to meet at least one year's activities.

ANNUAL REVIEW

Our achievements and performance in relation to our plans for 2011 and details of our future plans for each of our four corporate aims are reviewed below.

FINANCIAL AND ORGANISATIONAL AIMS

Our plans for 2011

Our aims at the start of the year were to complete the reorganisation plan commenced in 2010 to address a number of issues including cost reduction, improved efficiency, income growth and provision of community-wide service from each Institute office.

Achievements and performance

The plans included the rationalisation of offices to ensure all offices are viable. All activities were transferred from the Doncaster office to Grantham with a view to selling the Doncaster freehold. A new sales and marketing team was created to provide a platform for integrated marketing across all of the Institute's products and services. As a result of these changes our membership development, selling, training, accreditation and related services are based at Grantham, our membership, IT and financial processes are based at Stoke and our publishing, design, communication, meetings and secretariat services are based in London. Information services and technical support are provided on a national basis.

At the end of the year, plans were made to extend the publication team's activities through the introduction of an in-house design resource and these arrangements were put in place in early 2012. This will provide cost benefit and improved publication speed.

As reported in more detail in the financial review, the Institute continued to generate a surplus on normal activities despite the tough economic climate.

Looking forward to 2012

The Institute faces a number of financial challenges over the next 18 months. A 20 year rent review is due on our London offices with effect from 1 January 2012 and a significant increase is expected. Our main government funded contract has been extended for a further nine months to 31 March 2013 but at a lower grant level. Trading conditions have worsened in the early part of 2012 and, in particular, conferences will fall well below budget expectations during the year. Priority is therefore being given to the development of new income generating activities commensurate with the Institute's objectives.

PROMOTING THE IMPORTANCE AND RELEVANCE OF OUR SUBJECT AREAS AND INCREASING OUR INFLUENCE

Our plans for 2011

At the start of the year we sought to increase our influence overseas whilst maintaining and improving services.

Achievements and performance

We have continued to build growing links with academic institutions in USA including the planning of course accreditations at the University of Florida, Gainesville, in the early part of 2012. In addition to our other agreements, we have reached reciprocal arrangements with the Society of Plastic Engineers to share member services between qualified members. We have also co-ordinated the inaugural forum between USA, Canadian, South African and Australian minerals and mining associations.

From an original idea introduced by the younger members committee and supported annually by the affiliated local societies, the Young Persons' Lecture Competition has grown from year to year. With the strong support in 2011 from businesses and other organisations in Brazil, the World Lecture Competition was hosted in Sao Paulo. The event was a resounding success with record numbers of entrants to the competition.

The Institute has played a major part in government programmes to develop innovative technologies to deter metal theft from UK infrastructure and has won two contracts to support knowledge exchange across European materials communities.

The industry and technology policy board has introduced the first phase of the Institute's sustainability policy and will develop this during 2012.

Looking forward to 2012

We plan to produce a more strategic approach to international member development with the creation of an international week and through the growing activities of a new international affairs board.

We plan to maintain our support of knowledge exchange activities across the UK materials and design communities and our support of government departments to ensure maximum visibility of the Institute's community and members' activities.

INCREASING MEMBERSHIP

Our plans for 2011

Our aims at the start of the year were to continue to target both strategic mergers and organic growth of members through improved services and communication.

Achievements and performance

Despite the development of retention programmes and the use of increased resources for membership and accreditation procedures, there has been a disappointing loss of members. Accordingly, a managing board working party supported by the professional policy board has been active in reviewing the present benefits and strategy for membership of individuals, schools and industrial organisations.

Looking forward to 2012

The major task for 2012 is to reverse the decline in membership including improved retention of members. The professional policy board, supported by its committees, has drawn up plans to improve communications and contact with members, to reduce backlogs and train volunteer interviewers and scrutineers. An appraisal and re-invigoration of the marketing of membership will take place together with the introduction of new resources to both stimulate and quickly process non-member enquiries. At the same time, discussions will take place with other organisations to generate strategic partnerships and mergers.

IMPROVING MEMBERSHIP SERVICES

Our plans for 2011

We planned to improve our understanding of members' needs and to ensure that future services are integrated and efficient using emerging technologies.

Achievements and performance

As part of its remit, the new sales and marketing team has begun to collect data that will help the Institute to understand the needs of both members and customers and deliver integrated services. During the year, IOM3 TV was launched as a new platform to host recorded video material of value to members. Performance of this platform will be assessed with a view to enable a broadening of virtual content for the benefit of overseas members. Newly created professional development courses for wood technology were launched in conjunction with Proskills, a sector skills agency.

Looking forward to 2012

Further development of IOM3 TV is expected during 2012 to provide additional benefits for our members around the world including webinars and web coverage of conference events.

TRUSTEES' REPORT

FINANCIAL REVIEW

The following table shows how the overall deficit of £1,106k (2010: surplus of £1,282k) was generated together with details of cash outflow, capital expenditure and net assets:

	2011 £'000	2010 £'000
Operating (deficit)/surplus		
General fund	140	169
Designated funds	2	(5)
Restricted funds	12	-
Net incoming resources	154	164
(Losses)/gains on investment assets	(437)	715
Actuarial (losses)/gains on defined benefit pension	(823)	403
Overall (deficit)/surplus – [net movement in funds]	(1,106)	1,282
Net cash outflow during the year	177	432
Capital expenditure in the year	16	13
Net assets at the year-end	9,404	10,510

GENERAL FUND

The net amount of income available to spend on membership and related services (total income less direct and governance costs) in 2011 amounted to £2.3m (2010: £2.1m). Spending on membership and related activities was increased by 13% to £2.2m leaving an operating surplus on the general fund of £140k (2010: £169k).

Income from membership and related activities was maintained at £1.35m but income from property facilities fell during the year as customers spent less and through lower use. Excluding the return on pension scheme assets, investment income increased by 6.7% to £302k.

Our subsidiary, IOM Communications Ltd, generated an operating surplus before donations of £794k for the year compared to £583k in 2010. This enabled the company to donate £790k (2009: £580k) to the Institute. The continuing improvement in operating performance of the company was achieved through publishing and conference activities despite deterioration in performance from information services, technology improvement awards and training services.

Publishing activities contributed 90% of the company's operating surplus before donations in 2010 and 2011. Turnover rose by 23% to £1.42m following increased royalties from books and learned journals and the provision of additional publishing services for Institute members. Last year was a transitional year for the publication of member magazines in which advertising and subscription income fell slightly below budget after a few years in which advertising revenue had fallen considerably. Our plans to introduce an internal sales and marketing team were completed in 2011 and the trend of falling

advertising revenue was largely halted in the year. In addition there were a number of changes in the editorial team. It will be difficult to restore advertising income to previous levels but the new team has made a promising start. The net contribution improved from 45% to 50% of turnover.

In a varied programme, conference turnover almost doubled in 2011 to £541k. The conference team organised 17 events in the year but four prominent events (PVC 2011, ICMAC 2011, Adhesion 2011 and Parsons 2011) accounted for 85% of the turnover and, effectively, generated the operating surplus of £90k.

Turnover from information services (the majority of which is derived from government funded contracts) for the years 2009, 2010 and 2011 amounted respectively to £1.42m, £2.65m and £2m. Turnover in 2009 was low following delays in the commencement of a replacement contract that was brought up to date in 2010. Turnover in 2011 is back on track and the net contribution for the year amounted to £6k.

After a better performance in 2010, turnover from technology improvement awards (Starpack) fell by 8% to £103k whilst costs increased by 15% to £144k resulting in a net deficit of £41k for 2011. Whilst the Starpack awards are highly regarded within the packaging industry, a deficit of this level is not sustainable and plans have been put in place to achieve a break-even in 2012.

Turnover from training services fell back by 2% to £221k but operating costs increased by 9% due to a change in sales mix resulting from a difficult market. The net contribution was halved to £21k.

Expenditure on membership and related activities through the general fund was made up as follows:

	2011 £'000	2010 £'000
Membership services	627	456
Divisions	103	93
Regions	122	138
Education	38	47
Awarding body	38	36
Employment costs	908	860
Establishment costs	270	223
Administration costs	83	80
	2,189	1,933



MICK MAY
HONORARY TREASURER

DESIGNATED AND RESTRICTED FUNDS

Movements in designated funds are shown in note 18 to the financial statements and movements in restricted funds are shown in notes 16 and 17.

INVESTMENT RETURNS

The Institute has adopted a policy of maximising total returns from investments commensurate with acceptable risk for a charitable organisation. Amounts required to fund operations of the Institute are set aside in a short-term fund consisting of cash or easily realisable investments. All other investments are placed in a long-term fund. An appropriate benchmark (depending on the Institute's requirements) is agreed with the investment managers to measure performance.

The total deficit from investments (income and gains less losses) excluding pension scheme assets amounted to £78k in 2011 compared to a surplus of £1,051k in 2010. During 2011, there was a negative return of 0.9% (2010: 13%) compared to the benchmark return of 1.6% (2010: 12%).

ACTUARIAL GAINS/LOSSES ON DEFINED BENEFIT PENSION

The actuarial gains/losses arise from the valuation required by Financial Reporting Standard 17 (FRS17) and are detailed in note 21. The FRS17 calculation is made for accounting purposes only and does not drive the amount of contributions to be paid or the timing of payments. Scheme assets are valued at current market value and liability calculations are based on the yield on AA rated corporate bonds at the balance sheet date. As the scheme assets are not totally invested in corporate bonds there can be great volatility between annual valuations.

TRUSTEES' REPORT

MAJOR RISKS FACED BY THE INSTITUTE

Council has identified the following major risks facing the Institute:

- Loss of members through reduction in market
- Maintaining income in the short and long term
- Major reduction in investment values
- Impact of rent reviews in 2012
- Loss of key / critical staff

The Institute's strategic plan recognises these risks and incorporates actions to eliminate or manage any adverse effect.

NET ASSETS

The book value of net assets has decreased from £10.5m to £9.4m during the year, and the balance sheet continues to show a healthy financial position.

RESERVES

Council has reviewed the Institute's reserves and decided that no transfers are considered necessary.

Council's policy on reserves is to:

1. Set aside sufficient reserves to fund the net book value of all tangible fixed assets and the cost of future capital expenditure requirements. These amounts are held in the asset development fund and total £3.35m at 31 December 2011.
2. Set aside reserves to develop and improve the quality of services provided by the Institute. These reserves are held in the services development fund and total £90k at 31 December 2011.
3. Retain reserves to cover the future costs of up to one year of charitable costs and expenditure, publicity, management and administration expenditure. This level of reserve is considered appropriate to allow the Institute to be managed efficiently, to provide a buffer for uninterrupted services and to achieve the long-term objectives of the Institute. The unrestricted reserves total £4m at the year-end and represent 67% of total budgeted expenditure for 2012.

STRUCTURE, GOVERNANCE & MANAGEMENT

The founding body of this Institute was created in 1869. The Institute of Materials, Minerals and Mining is a body incorporated by Royal Charter dated 25 July 1965 and modified on 26 June 2002. As such it does not have company directors or share capital.

COUNCIL

The governance of the Institute is vested in the Council. Members of Council, other than co-opted members, are trustees of the Institute for the purpose of charity law. Under the bye-laws of the Institute, members of Council are elected by members of the Institute at the annual general meeting to serve for varying terms. Under the Institute's regulations, Council is entitled to co-opt honorary vice presidents and five members of Council.

Regular induction meetings are held for new Council members to ensure that they understand their responsibilities as trustees of the charity. The induction process provides trustees with information about the role of Council, its supporting boards and the organisational structure of the Institute. The objects of the Institute together with the mission statement and corporate strategies are explained. Each trustee is provided with an information pack and points of access to further details. Ongoing training is provided to trustees in relation to the individual responsibilities undertaken by them wherever appropriate.

Council meets at least three times during the year to review strategy and approve operating plans and budgets.

Council has overall responsibility for ensuring that the Institute has appropriate systems of control, financial and otherwise. It is responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Council has introduced a formal risk management process to enable it to assess business risks and implement risk management strategies on a regular basis. It involves identifying the types of risks the Institute faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process Council reviews the adequacy of the charity's current internal controls. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan and an annual budget approved by Council;
- regular consideration by Council of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of authority and segregation of duties.

The law applicable to charities in England and Wales requires Council to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing those financial statements, Council is required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, 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 Institute will continue to operate.

Council is responsible for:

- preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom accounting standards (Generally Accepted Accounting Practice);
- keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and enable Council to ensure that annual financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Royal Charter and bye-laws;
- the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

TRUSTEES' REPORT

AUDIT COMMITTEE

The Audit Committee, which reports directly to the Council, comprises a chairman and three other members of Council or membership who are not associated with the Managing Board or management of the Institute. Appointments are endorsed by Council. Members who served during the year are set out on page 14. The committee normally meets twice a year or as the chairman of the committee sees fit. The chief executive and finance director generally attend, with others invited as and when appropriate. The committee is authorised to keep under review the effectiveness of the Institute's financial reporting, internal control policies and operating procedures, together with a broad remit to review all elements and levels of Institute governance and function. Advice is given on the appointment of external auditors. A regular dialogue is maintained with the Institute's external auditors to review matters identified from audits as being in need of management attention and the actions to be taken to resolve the same. The chairman has direct access to the President and Council.

MANAGING BOARD

Council delegates its responsibility for the ongoing management of strategy and performance of the Institute to the Managing Board. Membership of this board is drawn from senior members of the Institute and staff. The day to day management of the Institute's activities is delegated to the chief executive and staff.

The Managing Board reviews the progress of the Institute's subsidiaries, boards and committees.

- **IOM Communications Ltd**
The charitable trading activities are carried out by this wholly owned subsidiary. The Board of this company, which is appointed by Council, meets regularly to assess the commercial opportunities and effectiveness of the company's activities.
- **Nominations Committee**
The committee reviews the role, membership and performance of the major committees including Council and oversees adherence to the charter and bye-laws.
- **Remuneration Committee**
The committee agrees the remuneration package for all executive directors and the overall levels of compensation for other staff.
- **Industry and Technology Policy Board**
The board is responsible for the co-ordination of seventeen technical divisions. In turn, the role of the divisions is to further the networking and professional development of their members. The board consists of the divisional chairmen who are elected by the technical community they represent.

- **Professional Policy Board**
The board is responsible for membership, education, accreditation and professional development and technician activities. Four committees support the board.
- **Local Affairs Board**
The board is responsible for the promotion of the interests of regional members, communication between Council and regional members and the establishment of links with affiliated local societies.
- **Younger Members Committee**
The younger members play a vital and active role in the development of the Institute and their activities are co-ordinated by the Younger Members Committee.
- **External Affairs Group**
The group makes submissions to UK government, parliamentary committees and the European Commission on behalf of the Institute.
- **Materials Institute Services Ltd**
This is a wholly owned subsidiary responsible for non-charitable activities. The company has not traded for a number of years.

OBJECTIVES AND ACTIVITIES

The objects of the Institute, as set out in the Royal Charter, shall be to advance and develop all aspects of the science, engineering and technology of the discovery, exploration, development, characterisation, exploitation, processing, application and recycling of materials, minerals and fuels. To further and co-ordinate education, training and practice in these disciplines and to facilitate the acquisition, preservation and dissemination of knowledge pertaining to these disciplines. In pursuing these objects in so far as they may be similar to those of existing organisations, the Institute shall use its best endeavours to co-operate with them and to ensure that its activities are complementary to those of such organisations. Through our activities we aim to provide:

- a wide range of member services including professional recognition and networking opportunities through technical divisions.
- information through our website, libraries, conferences, publications and consultancy services.
- an active education programme through schools and universities to attract young people into the profession.
- support and encouragement to younger members and affiliated societies in the UK and overseas.
- the visibility of new technology to industry with funding from government.

Members play a prime role in promoting the objects of the Institute and providing public benefit. Accordingly, a wide range of member services and benefits have been developed in pursuance of our objectives and to attract newcomers to the Institute. Benefits of membership include professional recognition, networking opportunities to share knowledge and experience, free materials information services, a members' magazine, a members' business centre and use of facilities, discounted conferences and publications and additional web-based benefits and services. The Institute provides support to its worldwide membership through its UK offices and a network of affiliated local societies based in the UK and overseas. All members are encouraged to join their local society (www.iom3.org/local-societies) because the societies provide an important point of contact and deliver a range of valuable services to members, students and the general public. Systems have been developed to recognise career progression/membership upgrade and the Institute is licensed to deal with applications for chartered engineer, chartered scientist, chartered environmentalist, incorporated engineer and engineering technician status. The Institute collaborates with many like-minded societies in the UK and overseas.

Seventeen technical divisions have been set up with direct access to Council. Each division holds regular meetings and, through its supporting network of committees, members and affiliated societies, organises a programme of events to promote and develop its discipline.

The Institute has an active education programme to attract young people into a career in the materials, minerals and mining science, engineering and technology sector. Our Schools Affiliate Scheme provides help, advice and teaching materials to schools and the education team regularly attends schools and careers fairs. The Institute accredits a number of university, college and industry courses in the UK and overseas. We also provide a special membership package for undergraduates. The Institute has a thriving younger members committee organising special events for their peers.

The Institute works very closely with government and EC departments particularly in relation to the delivery of new technology to industry. This work has enhanced the reputation of the Institute and is now seen as a first port of call in our area of expertise. The Institute operates an industrial affiliates scheme to provide small and medium sized enterprises with access to its information and consultancy services.

Through its subsidiary, IOM Communications Ltd, the Institute publishes technical books, learned journals and member magazines and organises conferences on materials, minerals and mining related subjects. The publishing of technical books and learned journals has been outsourced to Maney Publishing. In-house teams publish the member magazines and organise the majority of conferences. IOM Communications Ltd also operates information services and provides consultancy advice on materials. All these services are fundamental in achieving the Institute's objectives.

There is a regular programme to ensure that employees are involved in the direction and progress of the Institute. Employees are consulted and kept fully informed on issues of concern to them. Staff training and development appropriate to the Institute's goals is assessed on a regular basis and provided internally and externally. The Institute has maintained its recognition under the Investors in People scheme.

TRUSTEES' REPORT

OFFICERS AND COUNCIL MEMBERS (FROM 1 JANUARY 2011 TO 24 MAY 2012)

President	Mr J C H Lewis	Midlands	Mr D R Evetts	British Composites Society	Dr R H Martin
Senior Vice-President	Dr M A Hicks	South East	Dr A K Jadoon (to March 2012)	Castings	Dr P Withey
Honorary Treasurer	Dr M J May	Wales & South West	Mr R P Pearce	Ceramics Society	Mr C Hallas
Vice Presidents	Dr P J E Bischler Professor J G P Binner (from March 2011)	COUNCIL MEMBERS REPRESENTING ALL CORPORATE MEMBERS		Electronic Applications	Dr M Khor
Chairman of Managing Board and Past President	Mr B D Lye	Honorary Fellow and Fellows	Mr C Hesselbury (to January 2012) Dr G E Hollox	Light Metals	Mr M R Jarrett
Chairman of Professional Policy Board	Dr C W Corti	Professional Members & Members	Dr J R Wilcox Mr M C Cox	Materials Science & Technology	Dr D J Gooch (to December 2011) Dr M R Winstone (from January 2012)
Chairman of Industry and Technology Policy Board	Dr M J Pettifor	Associate Members	Mr S J Wood Dr S O Matthews	Mineral Processing & Extractive Metallurgy	Professor J Monhemius (to May 2011) Mr A Francis (from May 2011)
Chairman of the Local Affairs Board	Dr P J E Bischler	Technician Members	Mr S Bellaby	Mining Technology	Dr P J Foster
Chairman of Younger Members Committee	Dr S Davey (to November 2011) Dr I Akagwu (from November 2011)	COUNCIL MEMBERS REPRESENTING THE FOLLOWING DISCIPLINES		The Packaging Society	Mr K V H Barnes
Honorary Overseas Secretary	Mr B D Lye	Metals	Dr K A Ridal	Petroleum & Drilling Engineering	Mr S Bedford
COUNCIL MEMBERS REPRESENTING CORPORATE MEMBERS FROM THE REGIONS		Ceramics	Professor J G P Binner	Polymer Society	Mr S G Patrick
Scotland	Mr C S Hindle	Plastics & Rubber	Mr K L Forsdyke	Iron and Steel Society	Dr R P Thackray
North East	Mr C Rhodes	Minerals & Mining	Mr R G Siddall	Surface Engineering	Mr K Harrison
North West	Dr A F Thomas (to February 2011)	DIVISIONAL BOARD CHAIRMEN		The Wood Society	Mr C C G Trevor (to November 2011) Mr A Pitman (from November 2011)
		Applied Earth Science	Mr M D Forrest	Co-opted Council Member	Mr M Driver
		Automotive Applications	Mr A Haggie		
		Biomedical Applications	Professor S Best		

MEMBERSHIP OF SENIOR BOARDS AND PROFESSIONAL ADVISERS

MANAGING BOARD

The managing board is chaired by the immediate past president and includes the following:

The President
 Senior Vice-President
 Honorary Treasurer
 Vice Presidents
 Chairman of IOM Communications Ltd
 Chairman of Professional Policy Board
 Chairman of Industry & Technology Policy Board
 Chairman of the Local Affairs Board
 Chairman of Younger Members Committee
 Chief Executive of the Institute
 Deputy Chief Executive
 Finance Director

Messrs Cox, Harrison, Hollox and Siddall (Council members) were co-opted to the managing board with effect from January 2011.

BOARD OF DIRECTORS – IOM COMMUNICATIONS LTD

The following served as directors during the year:

Chairman	Dr E B Farmer
Directors/trustees	Dr A J Brown (to 12 February 2011)
	Mr N E Riley
	Dr A T Cole
	Prof J G P Binner
	Dr M J May
	Mr K Shankland

Chief executive and trustee **Dr B A Rickinson**

AUDIT COMMITTEE

Chairman	Mr P J K Haslehurst
	Dr D Elliott
	Mr B J Breen
	Mr C Hallas

SENIOR STAFF

Chief Executive	Dr B A Rickinson
Deputy Chief Executive	Dr G Woodrow
Finance Director	Mr R Milbank

PROFESSIONAL ADVISERS

Bankers	Lloyds Bank plc 39 Threadneedle Street, London EC2R 8AU 8-10 Waterloo Place, London SW1Y 4BE
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Solicitors	Allen & Overy LLP One Bishops Square, London E1 6AD
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Howes Percival LLP 1 Bede Island Road Bede Island Business Park, Leicester LE2 7EA
--

Maurice Turnor Gardner LLP 1 Threadneedle Street, London EC2R 8AY
--

Auditors	Baker Tilly UK Audit LLP 3 rd Floor, Preece House, Davigdor Road, Hove BN3 1RE
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Investment Managers	Blackrock Investment Management (UK) Ltd 33 King William Street, London EC4R 9AS
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Actuaries	firstactuarial plc First House, Kingsclere Road, Basingstoke, Hampshire RG21 6UG
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AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

TRUSTEES' REPORT

MEDALS AND PRIZES 2011

The Institute's medals and prizes are awarded for outstanding contributions to science, technology and management in the field of materials, minerals and mining. The premier and other awards made throughout the year were:

PREMIER AWARDS

Bessemer Gold Medal	Mr Ian Christmas
Gold Medal	Professor Allan Matthews
Platinum Medal	Professor Tony Cheetham
Silver Medal	Dr Finn Giuliani
Sir Andrew Bryan Medal	Mr Norman Riley
Chapman Medal	Professor Serena Best
Futers Gold Medal	Professor John Monhemius
Griffith Medal/Prize	Professor David Hayhurst
Medal for Excellence	Dr John Ashton
Prince Philip Award	Biocompatibles UK Ltd

PERSONAL ACHIEVEMENT AWARDS

Colclough Medal	Mr Timothy Williams
Colwyn Medal	Dr Richard Spontak
Dowding Medal/Prize	Mr Hugo Uijtdebroeks
Frank Fitzgerald Medal	Mr Joseph Lee
Grunfield Memorial Award and Medal	Mr Joseph Robson
Sir Robert Hadfield Medal & Prize	Mr Ian Craig
Holland Award	Mr Keith Morton
Holliday Prize	Professor Robert Young
Hume-Rothery Prize	Professor Fredrik Glasser
Colin Humphreys Education Award	Professor Paul O'Brien
Ivor Jenkins	Dr John Liddle
Kroll Medal & Prize	Professor Serena Best
Outstanding Contribution Award	T Brewis, Dr G Smith and Professor D Taplin
T B Marsden Award	Mr David Price CEng
Rosenhain Medal/ Prize	Dr Mary Ryan
Rowbotham Medal	Dr Valentina Cerato
Thomas Medal/Prize	Dr Stuart Millman
Thornton Medal	Dr Kerry Kirwan
Verulam Medal/Prize	Professor Jon Binner

PUBLICATION AWARDS

Alan Glanvill Award	A Sato, H Sakaguchi, H Ito and K Koyama
Guy Bengough Award	G Tormoen, N Sridhar and A Anderko
Billiton Gold Medal Composite Award	L Andrews and P C Pistorius
Douglas Hay Medal	A Pupurs and J Varna
Mann Redmayne Award	M R Hudyma, P Frenette and I Leslie
Pfeil Award	N Chapman, K Prince, P Evans, F Radke, P Hayward and N Lester
James S Walker Award	M Tyrer, CR Cheeseman, R Greaves, PA Claisse, E Ganjian, M Kay and J Churchman-Davies
Wardell Armstrong Prize	Mr Lewis Tunnicliffe
	I McDonald, D Holwell and D Wesley

OTHER AWARDS

Royal Charter Prize	Edward Pickering
R H Craven	Samuel Halliday
A T Green Award	Caroline Goddard
Technician of the Year: National award	Anthony Reid
Higher award	Matthew Moore
National Lecture Competition	Jennifer Tilley
Young Persons' World Lecture Competition	Mitali Kakran

JOINT AWARDS

Beilby Medal & Prize	Dr S Jayasinghe
Harvey Flower Titanium Prize	Mr Adrian Walker
Charles Hatchett Award	CL Miao, CJ Shang, GD Zhang, and SV Subramanian
Vanadium Award	S Colin and C Philippe

LOCAL SOCIETY OF THE YEAR

Two awards made by the Local Affairs Board recognise the work of local societies affiliated to the Institute. The award for a society with an average attendance of less than 30 people went to The South Wales Materials Association. The award for a society with an average attendance of 30 or more people went to the Mining Institute of Scotland.

Outstanding service awards were made by the Local Affairs Board to Jan Czerski, Barry Jones, Sue Panteny and Stuart Patrick

HONOURS AND AWARDS

Council has been informed about the following honours/awards made to members and wishes to record its congratulations to all recipients.

OFFICER OF THE ORDER OF THE BRITISH EMPIRE:

Dr Robert John FREng CEng FIMMM
Mr Mark Ridgway

FELLOWSHIP OF THE ROYAL SOCIETY:

Sir Colin Humphreys CBE FRS FREng FIMMM

FELLOWSHIP OF THE ROYAL ACADEMY OF ENGINEERING:

Dr David Andrew Clarke CEng FIMMM
Lianne Deeming MBA FIMMM
Mr Graham William Hopkins CEng FIMMM FRAeS FIMechE FRSA
Dr Andrew Joseph Hosty CEng FIMMM
Dr Liane Margaret Smith CEng FIMMM FWeldi
Dr Alan Turnbull CEng FIMMM FICorr

MEMBERS AND STAFF

Council is grateful to all those members who give their time and expertise freely in furthering the aims of the Institute and appreciates the valuable contribution made by staff.

This report was approved by the trustees on 24 May 2012.

Mr Jan Lewis, President



2011 Premier Award winners with Jan Lewis, President



Recipients of 2011 Personal Achievement, Publication and Joint Awards



Jan Lewis, President, with Jennifer Tilley, winner of the National Lecture Competition 2011, and Professor Sir Colin Humphreys FIMMM who became a Fellow of The Royal Society in 2011

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE INSTITUTE OF MATERIALS MINERALS AND MINING

We have audited the financial statements of the Institute of Materials Minerals and Mining for the year ended 31 December 2011 on pages 18 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of trustees' responsibilities set out on page 10 the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at:

www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charity's affairs as at 31 December 2011 and of their 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 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
- the parent charity has not kept sufficient accounting records; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BAKER TILLY UK AUDIT LLP

Statutory Auditor

3rd Floor

Preece House

Davigdor Road

Hove BN3 1RE

30 May 2012

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Unrestricted funds		Restricted funds	Permanent endowment	Total funds 2011	Total funds 2010
		General £'000	Designated £'000	£'000	£'000	£'000	£'000
INCOMING RESOURCES							
Incoming resources from charitable activities							
Membership and related activities		1,352	-	-	-	1,352	1,351
Charitable trading activities	1	3,848	-	-	-	3,848	4,424
		5,200	-	-	-	5,200	5,775
Incoming resources from generated funds							
Voluntary income	2	-	-	2	-	2	12
Activities for generating funds	3	415	-	-	-	415	492
Investment income	4	386	2	57	-	445	370
Total incoming resources		6,001	2	59	-	6,062	6,649
RESOURCES EXPENDED							
Charitable activities							
Membership and related activities		2,189	-	44	-	2,233	2,002
Charitable trading activities	1	3,054	-	-	-	3,054	3,841
		5,243	-	44	-	5,287	5,843
Cost of generating funds							
Activities for generating funds	3	460	-	-	-	460	467
Investment management costs		32	-	-	-	32	32
Governance costs		126	-	3	-	129	143
Total resources expended	5	5,861	-	47	-	5,908	6,485
Net (outgoing)/incoming resources before transfers		140	2	12	-	154	164
Transfers							
Gross transfers between funds	6	-	-	-	-	-	-
Net incoming resources before other recognised gains and losses		140	2	12	-	154	164
Other recognised gains/(losses)							
Gains/(losses) on investment assets		(394)	(4)	(39)	-	(437)	715
Actuarial gains/(losses) on defined benefit pension scheme	21.7	(823)	-	-	-	(823)	403
NET MOVEMENT IN FUNDS		(1,077)	(2)	(27)	-	(1,106)	1,282
Reconciliation of funds							
Total funds brought forward		5,085	3,633	1,759	33	10,510	9,228
TOTAL FUNDS CARRIED FORWARD		4,008	3,631	1,732	33	9,404	10,510

The statement of financial activities includes all gains and losses recognised in the year.
All incoming and outgoing resources derive from continuing activities.

FINANCIAL STATEMENTS

BALANCE SHEETS FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	Group		Institute	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
FIXED ASSETS					
Tangible assets	8	2,966	3,140	2,966	3,140
Investments	9	8,059	8,495	7,581	7,989
		11,025	11,635	10,547	11,129
CURRENT ASSETS					
Stock and work in progress	11	19	41	8	7
Debtors	12	806	913	200	203
Bank balances		93	99	3	3
		918	1,053	211	213
CREDITORS: Amounts falling due within one year	13	(1,841)	(2,178)	(1,493)	(1,695)
NET CURRENT (LIABILITIES)		(923)	(1,125)	(1,282)	(1,482)
NET ASSETS BEFORE PENSION LIABILITY		10,102	10,510	9,265	9,647
Defined benefit pension scheme liability	21.3	(698)	-	(698)	-
NET ASSETS	14	9,404	10,510	8,567	9,647
PERMANENT ENDOWMENT FUND					
	15	33	33	33	33
RESTRICTED FUNDS					
Subsidiary trust funds	16	501	528	-	-
Other restricted funds	17	1,231	1,231	1,231	1,231
UNRESTRICTED FUNDS					
Designated funds	18	3,631	3,633	3,631	3,633
General fund		4,008	5,085	3,672	4,750
TOTAL FUNDS		9,404	10,510	8,567	9,647

The financial statements on pages 18 to 37 were approved and authorised for issue by the trustees on 24 May 2012 and signed on their behalf by

Mr J C H Lewis, President

Dr M J May, Honorary Treasurer

CONSOLIDATED CASH FLOW

	<i>Notes</i>	<i>2011</i> £'000	<i>2010</i> £'000
Reconciliation of the net incoming resources to net cash flow from operating activities			
Net incoming resources		154	164
Depreciation and amortisation (including profits/losses on sale of fixed assets)		190	222
Interest and dividends receivable		(445)	(370)
Pension contributions		(39)	(43)
Decrease in stocks		22	5
Decrease in debtors		107	107
Increase in creditors		(154)	18
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		(165)	103

CASHFLOW STATEMENT

Net cash (outflow)/inflow from operating activities		(165)	103
Returns on investments and servicing of finance	22.1	359	336
Capital receipts less expenditure	22.2	(17)	(7)
INCREASE IN CASH		177	432

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the year		177	432
Net (debt) funds at 1 January 2011		(234)	(666)
NET (DEBT) AT 31 DECEMBER 2011	22.3	(57)	(234)

FINANCIAL STATEMENTS

ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENTS

The financial statements of the Institute are prepared in accordance with the Charities (Accounts and Reports) Regulations 2008 and the provisions of "Accounting and Reporting by Charities: Statement of Recommended Practice" (revised 2005) and in accordance with applicable UK accounting standards. They are also drawn up on the historical accounting basis except that investments held as fixed assets are carried at market value.

GROUP FINANCIAL STATEMENTS

The financial statements consolidate the results of the wholly owned subsidiary companies and companies over which the Institute exercise dominant influence. They also consolidate the results of two charitable trust funds under the common control of the Institute's Council. The members' benevolent funds are not consolidated because they are under independent control.

The Institute has taken advantage of the exemption in paragraph 397 of "Accounting and Reporting by Charities: Statement of Recommended Practice" (revised 2005) from preparing a statement of financial activities detailing the charity's own activities. Details of the Institute's total incoming resources and net movement in funds are shown in the notes.

RELATED PARTY TRANSACTIONS

The Institute has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosure concerning transactions with entities that are wholly owned.

INCOME RECOGNITION

Subscription income represents the amount received in respect of current and past years. Amounts received in advance are carried forward to the following year and subscriptions in arrears have not been anticipated.

Income from conferences represents the amount receivable in respect of the current year. Amounts received in respect of conferences to be run in future years are carried forward to the following year.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

Other income is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

RESOURCE EXPENDITURE

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be clearly attributed to particular headings they have been allocated to activities on a basis consistent with the use of the resources. Overheads have been allocated on the basis of head count.

Grants and prizes are awarded annually, mainly to affiliated societies and individuals.

DONATED SERVICES AND MATERIALS

Where services are provided to the Institute as a donation that would normally be purchased from suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the Institute. Donated services and materials are analysed in note 2.

DEPRECIATION AND AMORTISATION

Individual fixed assets are capitalised where the purchase price exceeds £1,500.

Depreciation is calculated by reference to the cost of fixed assets using the straight line method at rates considered appropriate having regard to their expected useful lives. The bases used are:

Leasehold property over the term of the lease

Furniture 15%-20% p.a.

Equipment 20%-33% p.a.

Freehold property 2% p.a.

Impairment reviews are carried out where there is an indication that the recoverable amount of a fixed asset is below its net book value. Any such impairments are charged through the statement of financial activities in the year in which the impairment occurs.

INVESTMENTS AND INVESTMENT INCOME

Investments are shown at market value at the balance sheet date. Any resulting unrealised gain or loss is taken to the fund to which it relates. Income is included together with the tax related credit in the financial statements of the year in which it is receivable. Investment income and any gain or loss on the asset development and service development designated funds is taken to general funds.

SUPPORT COSTS

Support costs comprise employment, establishment and administration costs in support of the charitable activities of the Institute. Allocations of these costs are made to the various activities of the Institute using standard rates based on staff time involved on each activity and facility usage.

GOVERNANCE COSTS

Governance costs comprise those costs relating to the general running of the Institute. Where costs are not fully attributable to governance costs, employment, establishment and administration costs are allocated on the basis of staff time and facility usage at standard rates.

STOCKS AND WORK IN PROGRESS

Sundry stocks are valued at cost. Work in progress is valued at cost and includes staff and other overheads.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at an internal rate of exchange ruling at the date of the transaction. All differences are taken to the statement of financial activities.

OPERATING LEASES

The rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

IRRECOVERABLE VAT

Irrecoverable VAT incurred in respect of the year is included in the statement of financial activities except for any amounts relating to capital expenditure which are included in the cost of fixed asset additions.

PENSION COSTS

The Institute participates in both a defined benefit scheme and defined contribution schemes.

Under the defined benefit scheme, the Institute makes contributions to The Institute of Materials Pension and Life Assurance Scheme. Pension costs are assessed in accordance with actuarial advice and based on the most recent actuarial valuation of the scheme. The scheme was closed to new entrants during 2002.

Under the defined contribution schemes, the Institute contributes to group personal pension plans providing benefits for some employees. Pension costs are based on current salaries and charged to the statement of financial activities in the year in which they are due.

DEFINED BENEFIT PENSION SCHEME

The amount charged to the statement of financial activities in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs in support costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the statement of financial activities.

The assets of the scheme are held separately from the Institute in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at the balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised in the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the Council have agreed a refund from the scheme at the balance sheet date. A pension liability is recognised to the extent that the group has a legal obligation to settle the liability.

INSTITUTE FUNDS AND RESERVES POLICY

Funds held by the Institute are:-

Unrestricted general funds – these are funds that can be used in accordance with the charitable objects at the discretion of the Council. The Institute's policy is to maintain a reserve to cover the future expenditure on charitable and administrative costs for up to one year.

Designated funds – these are funds set aside by Council out of unrestricted general funds for specific future purposes or projects.

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

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

1 CHARITABLE TRADING ACTIVITIES	2011 £'000	2010 £'000
TURNOVER		
Publishing	1,423	1,153
Conferences and exhibitions	541	287
Information services	2,005	2,646
Technology improvement awards	103	112
Training services	221	226
	4,293	4,424
Internal contribution for costs included in sales	(445)	-
Incoming resources	3,848	4,424
COST OF CHARITABLE TRADING ACTIVITIES		
Publishing	705	629
Conferences and exhibitions	451	312
Information services	1,999	2,591
Technology improvement awards	144	125
Training services	200	184
	3,499	3,841
Internal contribution to sales	(445)	-
	3,054	3,841
NET CONTRIBUTION FROM CHARITABLE TRADING ACTIVITIES		
Publishing	718	524
Conferences and exhibitions	90	(25)
Information services	6	55
Technology improvement awards	(41)	(13)
Training services	21	42
	794	583

Turnover and cost of charitable activities in 2010 are shown gross of internal contribution to costs of £260k.

2 VOLUNTARY INCOME	2011 £	2010 £
Donations for medal funds	2	12

3 ACTIVITIES FOR GENERATING FUNDS

The Institute has a policy to generate income from its property facilities when not required for its own purpose. Related expenditure includes direct costs, employment costs and relevant overheads

4 INVESTMENT INCOME

	2011		2010	
	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000
Listed securities				
Fixed interest	95	33	94	33
UK equities	196	23	183	19
Overseas equities	7	-	6	-
Cash and cash equivalents	4	1	-	1
	302	57	283	53
Return on pension scheme assets	86	-	34	-
	388	57	317	53

5 TOTAL RESOURCES EXPENDED

SUMMARY	2011 '000	2011 £'000	2010 £'000	2010 £'000
Direct charitable costs		2,673		3,345
Employment costs				
Salaries	1,726		1,747	
Social security costs	171		166	
Pension costs	183		205	
Temporary and other staff costs	131		92	
Redundancy costs	74		-	
		2,285		2,210
Establishment costs				
Property costs	363		353	
Information technology	139		105	
Depreciation	190		223	
		692		681
Administration costs				
Travel, meeting and committee expenses	122		102	
Postage and telecommunications	52		52	
Printing and stationery	27		20	
Finance costs	18		30	
Professional fees	30		36	
Office and other costs	9		9	
		258		249
		5,908		6,485

FINANCIAL STATEMENTS

5 TOTAL RESOURCES EXPENDED (continued)

BREAKDOWN OF COSTS OF ACTIVITIES	<i>Direct costs</i> £'000	<i>Support costs</i> £'000	<i>2011 Total</i> £'000	<i>2010 Total</i> £'000
Charitable activities				
Membership and related services	972	1,261	2,233	2,002
Charitable trading activities	1,585	1,469	3,054	3,841
	2,557	2,730	5,287	5,843
Costs of generating funds				
Activities for generating funds	84	376	460	467
Investment management costs	32	-	32	32
Governance costs	-	129	129	143
	2,673	3,235	5,908	6,485

SUPPORT COST BREAKDOWN BY ACTIVITY	<i>Employment costs</i> £'000	<i>Establishment costs</i> £'000	<i>Admin costs</i> £'000	<i>2011 Total</i> £'000	<i>2010 Total</i> £'000
Membership and related services	908	270	83	1,261	1,163
Charitable trading activities	1,063	308	98	1,469	1,461
Activities for generating funds	253	100	23	376	373
Governance costs	61	14	54	129	143
	2,285	692	258	3,235	3,140

Employment costs are allocated to activities based on the cost of the estimated time spent on those activities.

Establishment and administration costs are apportioned to activities on the basis of employment costs.

EMPLOYEE INFORMATION	<i>2011 No.</i>	<i>2010 No.</i>
The average number of full time equivalent employees during the year was	52	54
The number of employees who earned more than £60,000 per annum including benefits was:		
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-
The number of employees who earned more than £60,000 per annum and accrued benefits in the Institute's pension scheme was:		
Defined benefit scheme	2	2
Money purchase scheme	1	1

TOTAL EXPENDITURE INCLUDES:	2011 £'000	2010 £'000
Auditor's remuneration		
Audit fee – current year	27	27
Accountancy, taxation and other services	3	3
Operating lease rentals		
Land and buildings – leases expiring after five years	152	152
Travel expenses paid to 31 (2010: 33) Council Members for attending Council and other meetings	41	45

The future annual commitment in respect of operating leases for land and buildings expiring after five years amounts to £152,000.

OTHER TRANSACTIONS WITH TRUSTEES

Mr M D Forrest is the principal of Mining Research Co. UK, a business that provides commissioning editor services to Institute's subsidiary IOM Communications Ltd. During 2011, fees paid to Mining Research Co. UK amounted to £15,000 (2010: £15,000). Mr K Harrison provided technology expertise to IOM Communications Ltd during the year and was paid fees of £11,982 (2010: £10,198). No other members of the Council have directly or indirectly received any remuneration during the years ended 31 December 2010 and 2011.

6 TRANSFERS BETWEEN FUNDS

There were no transfers between funds during 2011.

7 EXTRACTS FROM THE INSTITUTE'S STATEMENT OF FINANCIAL ACTIVITIES

	2011 £'000	2010 £'000
Total incoming resources	2,985	2,882
Net movement in funds	(1,083)	1,233

FINANCIAL STATEMENTS

8 TANGIBLE FIXED ASSETS

	<i>Freehold property £'000</i>	<i>Short leasehold property £'000</i>	<i>Furniture, fittings & equipment £'000</i>	<i>Total £'000</i>
GROUP AND PARENT				
Cost				
1 January 2011	405	3,326	900	4,631
Additions in the year	-	10	6	16
Disposals in the year	-	-	-	-
31 December 2011	405	3,336	906	4,647
Depreciation				
1 January 2011	96	566	829	1,491
Provided during the year	8	134	48	190
Disposals in the year	-	-	-	-
31 December 2011	104	700	877	1,681
Net book value				
31 December 2011	301	2,636	29	2,966
31 December 2010	309	2,760	71	3,140

9 INVESTMENTS

	Group		Institute	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Analysis of movements in the year				
Market value at 1 January	8,495	7,786	7,989	7,324
Additions at cost	64	195	63	195
Disposals at opening market value	(63)	(188)	(62)	(188)
Revaluations	(437)	702	(409)	658
Market value at 31 December	8,059	8,495	7,581	7,989
At the balance sheet date, the portfolio was invested as follows				
<i>Listed investments</i>				
Fixed interest	2,169	2,131	2,028	1,997
UK equities	5,293	5,771	4,956	5,399
Overseas equities	435	431	435	431
<i>Unlisted investments</i>				
Cash and cash equivalents	162	162	162	162
Subsidiary undertakings (note 10)	-	-	-	-
Market value at 31 December	8,059	8,495	7,581	7,989
At the balance sheet date, the following investments represent more than 5% of the portfolio by market value				
Charinco (UK fixed interest common investment fund)	2,091	2,053	1,950	1,918
Charishare (UK equities common investment fund)	5,282	5,761	4,946	5,289
Blackrock International Equity Fund	435	431	435	431
Historical cost at 31 December	6,891	6,890	6,481	6,480

10 SUBSIDIARY UNDERTAKINGS

The Institute has two subsidiary trusts (see note 16 for further details) and the following three subsidiary organisations:

IOM Communications Ltd, a charitable trading company limited by shares.

The Institute of Packaging, a company limited by guarantee.

Materials Institute Services Ltd, a company limited by shares.

The Institute of Packaging Services Ltd, a company limited by shares, was wound up on 18 January 2011.

All subsidiary companies are incorporated in the UK and file accounts with the Registrar of Companies. The accounts of IOM Communications Ltd are audited. IOM Communications Limited and Materials Institute Services Limited are wholly owned subsidiaries. The Institute holds 100 shares of £1 each in IOM Communications Limited and 2 shares of £1 each in Materials Institute Services Limited. No premium was paid on acquisition.

IOM Communications Limited undertakes the charitable trading activities of the Institute of Materials, Minerals and Mining. The Institute of Packaging is a professional, educational and qualifying body in the technology of packaging. The Institute of Packaging and Materials Institute Services Limited did not trade in 2011.

A summary of the 2011 results and balance sheets of IOM Communications Limited together with comparative figures for 2010 is shown below:

	<i>2011</i>	<i>2010</i>
	<i>Total</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>
Results		
Charitable trading activities	4,293	4,424
Total incoming resources	4,293	4,424
Charitable trading activities	3,499	3,841
Donation to the Institute	790	580
Total outgoing resources	4,289	4,421
Net incoming resources	4	3
Balances brought forward	329	326
Balances carried forward	333	329
Balance sheets at 31 December		
Current assets	996	1,101
Creditors: amounts falling due within one year	(663)	(772)
Net current assets	333	329
Shareholders' funds	333	329

The net assets of Materials Institute Services Limited at 31 December 2010 and 2011 were £3,447.

11 STOCK AND WORK IN PROGRESS

	<i>Consolidated</i>		<i>Institute</i>	
	<i>2011</i> £'000	<i>2010</i> £'000	<i>2011</i> £'000	<i>2010</i> £'000
Work in progress	17	39	6	5
Sundry stocks	2	2	2	2
	19	41	8	7

12 DEBTORS

Trade debtors	189	173	43	74
Other debtors	46	23	47	23
Prepayments and accrued income	571	717	110	106
	806	913	200	203

13 CREDITORS: Amounts falling due within one year

Trade creditors	416	538	132	213
Taxes and social security costs	143	134	143	134
Subscriptions and orders paid in advance	729	683	393	384
Other creditors and accruals	403	490	358	341
Amounts due to subsidiary companies	-	-	317	291
Bank overdraft	150	333	150	332
	1,841	2,178	1,493	1,695

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

<i>Group</i>	<i>Unrestricted funds</i>		<i>Restricted funds</i>	<i>Permanent funds</i>	<i>Total funds</i>
	<i>General</i> £'000	<i>Designated</i> £'000	£'000	£'000	£'000
Tangible fixed assets	-	2,966	-	-	2,966
Investments	5,921	665	1,440	33	8,059
Current assets	626	-	292	-	918
Current liabilities	(1,841)	-	-	-	(1,841)
Net assets before pension liability	4,706	3,631	1,732	33	10,102
Pension liability	(698)	-	-	-	(698)
Total net assets	4,008	3,631	1,732	33	9,404

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14 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

	Unrestricted funds		Restricted funds	Permanent funds	Total funds
	General £'000	Designated £'000	£'000	£'000	£'000
Institute					
Tangible fixed assets	-	2,966	-	-	2,966
Investments	5,921	665	962	33	7,581
Current assets	(58)	-	269	-	211
Current liabilities	(1,493)	-	-	-	(1,493)
Net assets before pension liability	4,370	3,631	1,231	33	9,265
Pension liability	(698)	-	-	-	(698)
Total net assets	3,672	3,631	1,231	33	8,567

15 PERMANENT ENDOWMENT FUND

	Balance at	Incoming resources	Resources expended	Investment	Transfers	Balance at 31
	1 January 2011			gains/ (losses)	between funds	December 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Mining Club	33	-	-	-	-	33

The income of the Mining Club is dealt with in a restricted fund that provides grants for travel, study or attendance at international conferences related to the minerals industry.

16 SUBSIDIARY TRUST RESTRICTED FUNDS

	Balance at	Incoming resources	Resources expended	Investment	Transfers	Balance at 31
	1 January 2011			gains/ (losses)	between funds	December 2011
	£'000	£'000	£'000	£'000	£'000	£'000
Andrew Carnegie Trust Fund	444	15	(12)	(26)	-	421
Metals & Metallurgy Trust Fund	84	3	(4)	(3)	-	80
	528	18	(16)	(29)	-	501

The income of these restricted funds are to be used for the following purposes:

Andrew Carnegie Trust Fund – to support the award of scholarships and awards in the field of materials.

The Metals & Metallurgy Trust Fund – to support the award or grants, scholarships and prizes in the field of metals and metallurgy.

17 OTHER RESTRICTED FUNDS	<i>Balance at 1 January 2011 £'000</i>	<i>Incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>Investment gains/ (losses) £'000</i>	<i>Transfers between funds £'000</i>	<i>Balance at 31 December 2011 £'000</i>
Stanley Elmore Fellowship	620	22	(10)	19	-	651
Bosworth Smith Trust	201	6	(5)	(11)	-	191
Tom Seaman Travelling Scholarship	197	5	(3)	(12)	-	187
Edgar Pam Fellowship	78	3	-	(3)	-	78
G Vernon Hobson Bequest	50	2	(1)	(3)	-	48
Other funds	20	-	-	-	-	20
Prize funds	65	2	(11)	-	-	56
	1,231	40	(30)	(10)	-	1,231

The income of these restricted funds are to be used for the following purposes:

Stanley Elmore Fellowship, Bosworth Smith Trust, Edgar Pam Fellowship and G Vernon Hobson Bequest - to provide grants to assist post-graduate research, together with the unexpended balance of Mining Club income.

Tom Seaman Travelling Scholarship Fund is for the purpose of awarding scholarships to persons who are engaged in or associated with the coal mining industry.

Other funds include

A G Charleton Fund – to award prizes to deserving students at the Imperial College of Science Technology and Medicine.

Centenary Student Sponsorship Fund – to provide membership benefits of the Institute to students.

Dixie Dean Bursary Fund – to provide bursaries for foreign students associated with the packaging industry.

Prize funds include the R T Holland Fund, Dennis Chapman Medal Award, Frank Fitzgerald Medal and other funds set up for the award of medals or money to appropriate recipients.

Further information about scholarships, bursaries, professional and travel grants including details of case studies are shown on our website (www.iom3.org/awards).

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	<i>Balance at 1 January 2011 £'000</i>	<i>Incoming resources £'000</i>	<i>Resources expended £'000</i>	<i>Investment gains/ (losses) £'000</i>	<i>Transfers between funds £'000</i>	<i>Balance at 31 December 2011 £'000</i>
18 DESIGNATED FUNDS						
Asset development fund	3,350	-	-	-	-	3,350
Services development fund	90	-	-	-	-	90
Sir Julius Wernher Memorial Fund	102	2	-	(4)	-	100
Packaging education fund	50	-	-	-	-	50
Materials education	24	-	-	-	-	24
Robert A Moore Fund	17	-	-	-	-	17
	3,633	2	-	(4)	-	3,631

The designated funds have been set up for the following purposes:

Asset development fund – representing the total amount (at cost or market value less depreciation) invested in freehold and leasehold properties, furniture, equipment and computers used for the functional purposes of the Institute and amounts set aside to meet future capital requirements.

Services development fund – representing amounts designated by Council to develop and improve the quality of services provided by the Institute.

Packaging education fund – representing amounts set aside to promote and develop packaging education.

Materials education fund – representing income generated for and costs relating to the promotion of materials education in schools.

Sir Julius Wernher Memorial Fund – representing amounts designated to provide for memorial lectures.

Robert A Moore Fund – representing amounts designated to promote the aims of the Institute in the name of Robert A Moore.

	<i>Consolidated</i>		<i>Institute</i>	
	<i>2011 £'000</i>	<i>2010 £'000</i>	<i>2011 £'000</i>	<i>2010 £'000</i>
19 UNREALISED GAINS/(LOSSES)				
General fund	1,017	1,412	1,017	1,412
Designated funds	3	7	3	7
	1,020	1,419	1,020	1,419
Restricted funds	147	186	80	90
	1,167	1,605	1,100	1,509

20 CAPITAL COMMITMENTS

The Institute had capital commitments, at the year end of £14,000 (2010: nil).

21 PENSION SCHEMES

21.1 INTRODUCTION

The Institute operates a funded defined benefit occupational pension scheme. The assets of the scheme are held separately from those of the Institute and are invested in an insured fund administered by the Prudential Assurance Company Limited and the Newton Exempt Fund administered by Mellon Fund Managers Limited. Under the terms of the Trust Deeds, the scheme is administered by the Trustees.

The scheme was closed to new members during 2002 and new employees are given the opportunity to join the group personal pension arrangements with Scottish Life. The group personal pension plan is a defined contribution benefit scheme and complies with the stakeholder legislation.

At the year end, the scheme had 14 current staff members and 103 deferred members.

Results of the most recent triennial actuarial valuations, at 1 January 2004, 2007 and 2010, showed the following results.

	2004 £'000	2007 £'000	2010 £'000
Market value of the scheme's assets	4,364	5,065	6,404
Liability for projected accrued benefits	(5,235)	(5,311)	(6,925)
(Deficit)/surplus	(871)	(246)	(521)

Arrangements have been made for the deficit shown by the actuarial (ongoing) valuation at 1 January 2010 to be funded at the rate of:

- £54k p.a. payable in equal monthly instalments from 1 January 2010 to 31 March 2011.
- £29k p.a. payable in equal monthly instalments from 1 April 2011 to 30 June 2022.

21.2 PRINCIPAL ACTUARIAL ASSUMPTIONS

A valuation of the defined benefit pension scheme assets and liabilities at 31 December 2011 under FRS17 has been carried out by a qualified independent actuary. The projected unit valuation method has been used. The major financial assumptions used by the actuary were:

	2011 % p.a.	2010 % p.a.
Years ended		
Discount rate	4.90	5.40
Price inflation – pre-retirement (RPI)	2.80	2.60
Price inflation – post-retirement current pensioners (RPI)	3.10	3.20
Price inflation – post-retirement non-pensioners (RPI)	4.00	4.00
Consumer Prices Inflation (CPI) – pre-retirement	1.80	1.85
Future salary increases	3.30	3.10
Rate of increases of pensions in payment – current pensioners	2.80	3.10
Rate of increases of pensions in payment – non-pensioners	3.70	3.80
Rate of increase for deferred pensioners pre 2009	1.80	1.85
Rate of increase for deferred pensioners post 2009	1.80	1.85
Expected return on scheme assets at 31 December	5.00	6.30

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21 PENSION SCHEMES (continued)

The overall expected return on assets assumption of 5% at 31 December 2011 has been derived by calculating the weighted average of the expected return for each asset class. The following approach has been used to determine the expected rate of return for each asset class:

- Fixed interest securities: Current market yields
- Equities: Allowance for an additional return of 3.5% above that available for UK government securities
- Property: Allowance for an additional return of 3.5% above that available for UK government securities
- Cash/other: Pre retirement price inflation assumption

The following demographic assumptions were used in the valuation:

	Year ended 31/12/2011		Year ended 31/12/2010	
	Males	Females	Males	Females
Mortality pre-retirement	AMCOO/AFCOO combined			
Mortality post-retirement	S1Amc (job), minimum improvement = 1% p.a.			
Life expectancy for a current 65 year old	21.1 years	23.7 years	21.1 years	23.7 years
Life expectancy at age 65 for an individual aged 45 in 2011	23.0 years	25.6 years	23.0 years	25.6 years

21.3 AMOUNTS RECOGNISED IN THE BALANCE SHEET FOR DEFINED BENEFIT SCHEME

	2011 £'000	2010 £'000
Present value of liabilities	(7,429)	(6,823)
Market value of scheme assets	6,731	7,210
Assets not recognised due to FRS 17 limit	-	(387)
Pension scheme liability recognised in the balance sheet	(698)	-

The amount of the surplus which can be recognised is limited to the amount that the employer can use to generate future economic benefits. The asset should not exceed the present value of the amount that the employer can recover through reduced contributions together with the refunds that have been agreed by the trustees at the balance sheet date. Council has therefore decided not to recognise any surplus in the accounts. There was a surplus in 2010 and, if had been recognised, it would have amounted to £387k.

21.4 CHANGES IN THE VALUE OF SCHEME LIABILITIES IN THE YEAR

	2011 £'000	2010 £'000
Opening liabilities	(6,823)	(6,871)
Service cost	(73)	(74)
Interest cost	(361)	(401)
Member contributions	(48)	(51)
Benefits paid	383	70
Actuarial (losses)/gains	(507)	504
Closing liabilities	(7,429)	(6,823)

21.5 CHANGES IN THE MARKET VALUE OF SCHEME ASSETS IN THE YEAR	2011 £'000	2010 £'000
Opening scheme assets	7,210	6,391
Expected return	447	435
Actuarial gains/(losses)	(703)	286
Employer contributions	112	117
Member contributions	48	51
Benefits paid	(383)	(70)
Closing scheme assets	6,731	7,210
Amount recognised in balance sheet	6,731	6,823

21.6 MAJOR CATEGORIES OF SCHEME ASSETS	%	%
Equities	58	65
Corporate bonds	13	11
Government bonds	10	10
Properties	2	3
Cash	13	6
Other assets	4	5
Total scheme assets	100	100

21.7 AMOUNTS RECOGNISED IN THE STATEMENT OF FINANCIAL ACTIVITIES

Amounts recognised in net incoming resources are as follows:	£'000	£'000
Current service cost	73	74
Interest on obligations	361	401
Expected return on scheme assets	(447)	(435)
Net charge	(13)	40

The actual return on scheme assets was a deficit of £256k (2010: surplus of £1,021k)

The Institute expects to contribute £106k to its defined benefit pension scheme in 2012. This is in addition to paying all the expenses of the scheme including fees, levies and life assurance premiums.

The actuarial losses recognised in the statement of financial activities for 2011 were £823k and the cumulative losses recognised from 2002 to 2011 amounted to £1,100k.

FINANCIAL STATEMENTS

21 PENSION SCHEMES (continued)

21.8 HISTORY OF SCHEME ASSETS, FUNDING OBLIGATIONS, EXPERIENCE GAINS AND LOSSES	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Scheme liabilities	(7,429)	(6,823)	(6,871)	(5,539)	(5,973)
Scheme assets	6,731	7,210	6,391	5,501	5,795
Scheme surplus / (deficit)	(698)	387	(480)	(38)	(178)
Experience adjustments on scheme obligations	(1)	246	-	149	(57)
Change of basis adjustments to scheme obligations	506	258	(947)	592	2
Experience adjustments on scheme assets	(703)	286	420	(733)	131

21.9 OUTSTANDING PENSION CONTRIBUTIONS AT THE YEAR END

Contributions for the defined benefit scheme amounting to £13k (2010 – £14k) were outstanding at the year-end. Contributions for the defined contributions schemes amounting to £5k (2010 - £5k) were outstanding at the year-end.

22 GROSS CASH FLOWS

22.1 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2011		2010	
	£'000	£'000	£'000	£'000
Interest received	5		1	
Dividend income	354		335	
		359		336

22.2 CAPITAL EXPENDITURE

Payments to acquire tangible fixed assets	(16)		(13)	
Purchase of investments	(64)		(195)	
Receipts for sale of investments	63		201	
		(17)		(7)

22.3 ANALYSIS OF CHANGES IN NET FUNDS

	At 01.01.11 £'000	Cash flows £'000	Other changes £'000	At 31.12.11 £'000
Cash at bank and in hand	99	(6)	-	93
Bank overdraft	(333)	183	-	(150)
	(234)	177	-	(57)



