



ANNUAL REPORT AND FINANCIAL STATEMENTS 2010



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

INTRODUCTION

The Institute is a professional body seeking to promote all aspects of materials science, engineering and technology 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 2010.

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)'.

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.

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.

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

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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ANNUAL REVIEW

Council has committed its efforts to the resourcing and delivery of the corporate aims. In view of the operating results in 2009, we concentrated our plans for 2010 on returning to the operating performance achieved in earlier years.

FINANCIAL AND ORGANISATIONAL AIMS

Our plans for 2010

Our plans included improving performance from all of our income generating and charitable trading activities as well as a reduction in overheads. Particular importance was placed on controlling costs within the Materials Information Service and Starpack activities. Our plans also included the continuing promotion of the Grantham premises and the completion of the governance review.

Achievements and performance

The Institute made good progress in returning to previous performance by generating an operating surplus of £164k compared to an operating deficit of £279k during 2009. There were net gains on investment assets and actuarial gains on the pension defined benefit scheme leading to an overall net surplus for the year of £1,282k (2009: £236k). More details of the results are shown in the financial review on page 5.

Whilst the 2010 result was good, the Institute faces a number of financial challenges including a reduction in public spending that may directly and indirectly reduce future income as well as increased costs associated with a potential rent increase from January 2012. Towards the end of the year, a programme commenced to re-organise the staff structure and reduce office space to meet the challenges facing the Institute. In particular, an internal sales and marketing team has been set up to reverse falling advertising revenue and offer a co-ordinated package of services to our customers. Our Doncaster office will be closed and more staff will be located in Grantham. Consideration is being given to selling our freehold properties in Doncaster and Stoke but we intend to retain offices in London, Stoke and Grantham.

Good progress has been made on the review of the Institute's governance structure but the process has been much more involved than anticipated and it is now expected that the final proposals will be put to the members for approval in 2011.

Looking forward to 2011

The early part of 2011 has been spent in the development of the reorganisation plan. The benefits of the new structure are unlikely to be seen until late in 2011 and, in view of the economic situation, the operating surplus is budgeted to be less than 2010.

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

Our plans for 2010

Our plans included the maintenance and improvement of existing activities and included holding the biannual Materials Congress overseas for the first time outside the UK in Kuala Lumpur.

Achievements and performance

Through IOM Communications Ltd, the Institute continued to publish its range of learned journals and member magazines. *Wood Focus*, our first on-line only magazine was successfully launched in the year and a prototype *Mining Digest* was produced for the mining community. A wide range of smaller conferences including two new events, *Innovation to Sustainability* and *OPTIMOM*, were held during the year. Unfortunately, the plans to hold *Materials Congress* in Kuala Lumpur were cancelled and the next event in the series (with the theme of materials at the Olympics) will be held in London in 2012. The information services team continued to support the Materials Knowledge Transfer Network which is funded by the Technology Strategy Board to improve industrial innovation and global competitiveness of UK businesses making or using materials. We were appointed by the World Packaging Organisation to administer the Worldstar Awards. Our existing training services expanded in the year and these were complemented by the introduction of wood training courses.

During 2010 and 2011, the Institute broadened its area of expertise with the launch of two new inter-disciplinary specialist groups, the Natural Materials Association and the Construction Materials Group. The 17 technical divisions and 59 affiliated local societies offered their communities a variety of services during the year and much further information can be found on our website. The Schools Affiliate Scheme, set up to interest young people in materials, was revitalised and re-launched its web presence with enhanced information available for school and college pupils, teachers, parents and governors. The competition for students on design innovation in plastics was extended to become an annual event and launched on its own website. Supported by the Polymer Society and BPF, the Institute sponsored a RIBA prize for materials in architecture. The Young Persons' World Lecture Competition was held in Kuala Lumpur with great success and the next competition will be held in Brazil in 2011.

The External Affairs Group (EAG) seeks to raise the profile and promote the Institute to a wider audience. It captures the combined expertise of the membership base to better inform public debate on issues such as the energy gap and materials sustainability. The EAG anticipates 'hot topics' with important materials, minerals and mining technology content and prepares press releases, statements, and interviews with the media. The EAG also makes submissions to Government enquiries.

Looking forward to 2011

We will seek to increase our visibility overseas whilst maintaining and improving existing activities.

INCREASING MEMBERSHIP

Our plans for 2010

We aimed to increase membership through merger and organic growth. Merger development was scaled back as our staff resources were utilised in improving operating performance. An improved package was developed in 2009 to attract more members and non-members to become fellows of the Institute and this will be introduced in 2010.

Achievements and performance

The package of benefits aimed at fellows of the Institute was successfully launched in the Fellows' Lounge on the Institute's website in October 2010. Whilst there was no merger activity, the members of the Institute of Vitreous Enamellers joined the Institute to form the Vitreous Enamellers' Society within the Surface Engineering Division. Paid up members totalled 16,042 at 31 December 2010 (2009: 16,461).

Looking forward to 2011

We will continue to target both strategic mergers and organic growth of membership through improved services.

IMPROVING MEMBERSHIP SERVICES

Our plans for 2010

In addition to implementing the improved package of benefits for fellows, we planned web development to provide members with greater knowledge resources and better facilities to record continuing professional development (CPD).

Achievements and performance

Members benefit from the many technical services provided by IOM Communications Ltd, the Institute's technical divisions and the affiliated local societies that it supports. New categories were added to the website including glass, wood, natural materials and materials for defence and security. Improved facilities for recording CPD were also introduced. We have seen encouraging support for social networking through Twitter, Facebook and particularly the LinkedIn group.

Looking forward to 2011

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

TRUSTEES' REPORT

FINANCIAL REVIEW

The following table shows how the overall surplus of £1,282k (2009: £236k) was generated together with details of cash outflow, capital expenditure and net assets:

	2010 £'000	2009 £'000
Operating (deficit)/surplus		
General fund	169	(274)
Designated funds	(5)	(8)
Restricted funds	-	3
Net incoming/(outgoing) resources	164	(279)
Gains on investment assets	715	1,042
Actuarial gains/(losses) on defined benefit pension	403	(527)
Overall surplus/(deficit) – [net movement in funds]	1,282	236
Net cash outflow during the year	431	(749)
Capital expenditure in the year	13	680
Net assets at the year-end	10,510	9,228

GENERAL FUND

The operating surplus improved by £443k compared to 2009.

The majority of the improvement came from charitable trading activities where all activities improved during the year with the exception of publishing (see note 1 to the accounts). The problem area was the continuing fall in advertising revenue and there was also a small reduction in royalty income. Following a difficult and slow year for information services in 2009, activity increased and through a number of new contracts delivered a great improvement in performance. The deficit on training services was eliminated and a surplus achieved. The cost of Starpack awards was greatly reduced through new working arrangements and we were awarded a contract to organise the Worldstar awards for the World Packaging Organisation. As a result of a smaller and less risky programme, the conference deficit was also substantially reduced.

Income from all income generating activities (including charitable trading) less direct and governance costs amounted to £2.1m compared to £1.88m in 2009. Amounts spent on membership and related activities fell from £2.15m in 2009 to £1.93m in 2010 leaving an operating surplus on the general fund of £169k.

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 gains from investments (income and gains less losses) excluding pension scheme assets amounted to £1,051k in 2010 compared to £1,397k in 2009. During 2010, there was a return of 13% (2009: 24%) compared to the benchmark return of 12% (2009: 22%).

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.

CAPITAL EXPENDITURE

Capital expenditure in 2009 mainly related to the development of the Institute's new premises at Grantham.

NET ASSETS

The book value of net assets has increased from £9.2m to £10.5m during the year, and the balance sheet continues to show a healthy financial position.

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
- Increased pension contributions and regulation costs
- Major reduction in investment values
- Impact of rent reviews in 2012
- Loss of key/critical staff

As reported in the annual review on page 3, the Institute has started a restructuring programme to meet the risks listed above. The Institute continues to take appropriate professional advice to mitigate the impact of investment losses and pension regulation costs.

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 2010.
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 2010.
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 £5.1m at the year-end and represent 88% of total budgeted expenditure for 2011.

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 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 but not exceeding four years. 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.

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 1993, 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.

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 11. 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 its 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, professional development, technician activities and external affairs.
- **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.
- **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 monthly members' magazine, a members' business centre and use of facilities, discounted conferences and publications and web-based assistance in careers development. 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. In particular, the local affiliated societies provide an important point of contact for members and deliver a range of valuable services to them. 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 community. 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 services.

Through its subsidiary, IOM Communications Ltd, the Institute publishes technical books, learned journals and a members' magazine 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 members' 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. The Institute has developed a procedure for upward feedback for senior management and the trustees. 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.

OFFICERS AND COUNCIL MEMBERS 2010

President **Mr J C H Lewis**
(from January 2011)
Mr B D Lye
(to December 2010)

Senior Vice-President **Mr J C H Lewis**
(to December 2010)
Dr M A Hicks
(from January 2011)

Honorary Treasurer **Dr M J May**

Vice Presidents **Dr P J E Bischler**
Dr M A Hicks
(to December 2010)
Professor J G P Binner
(from March 2011)

Chairman of Managing Board and Past President **Dr R E Dolby**
(to December 2010)
Mr B D Lye
(from January 2011)

Chairman of Professional Policy Board **Dr C Corti**

Chairman of Industry and Technology Policy Board **Dr M J Pettifor**

Chairman of the Local Affairs Board **Dr P J E Bischler**

Chairman of Younger Members Committee **Dr S Davey**

Honorary Overseas Secretary **Mr B D Lye**

COUNCIL MEMBERS REPRESENTING CORPORATE MEMBERS FROM THE REGIONS

Scotland **Mr C S Hindle**

North East **Mr C Rhodes**

North West **Dr A F Thomas**
(to February 2011)

Midlands **Mr D R Evetts**

South East **Dr A K Jadoon**

Wales & South West **Mr R P Pearce**

COUNCIL MEMBERS REPRESENTING ALL CORPORATE MEMBERS

Honorary Fellow and Fellows **Mr C Husselbury**
Dr G E Hollox

Professional Members & Members **Dr J R Wilcox**
Mr M C Cox

Associate Members **Mr S J Wood**
Dr S O Matthews

Technician Members **Mr S Bellaby**

COUNCIL MEMBERS REPRESENTING THE FOLLOWING DISCIPLINES

Metals **Dr K A Ridal**

Ceramics **Professor J G P Binner**

Plastics & Rubber **Mr K L Forsdyke**

Minerals & Mining **Mr R G Siddall**

Divisional board chairmen:

Applied Earth Science **Mr M D Forrest**

Automotive Applications **Mr P Selwood**
(to November 2010)
Mr A Haggie
(from November 2010)

Biomedical Applications **Professor S Best**

British Composites Society **Dr R H Martin**

Castings **Dr P Withey**

Ceramics Society **Mr C Hallas**

Electronic Applications **Dr M Khor**

Light Metals **Mr M R Jarrett**

Materials Science & Technology **Dr D J Gooch**

Mineral Processing & Extractive Metallurgy **Professor J Monhemius**

Mining Technology **Professor R J Pine**
(to January 2011)
Dr P J Foster
(from January 2011)

The Packaging Society **Mr K V H Barnes**

Petroleum & Drilling Engineering **Mr S Bedford**

Polymer Society **Mr S G Patrick**

Iron and Steel Society **Dr K D Walker**
(to July 2010)
Dr R P Thackray
(from July 2010)

Surface Engineering **Mr K Harrison**

The Wood Society **Mr C C G Trevor**

Co-opted Council Member **Mr M Driver**

TRUSTEES' REPORT

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 (From 31 December 2010)
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
Solicitors	Allen & Overy LLP One Bishops Square, London E1 6AD
	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
Investment Managers	Blackrock Investment Management (UK) Ltd 33 King William Street, London EC4R 9AS
Actuaries	firstactuarial plc First House, Kingsclere Road, Basingstoke, Hampshire RG21 6UG
Pension Advisers	Keith Tudor Financial Services Yorke House, Furlong Lane, Burslem, Stoke-on-Trent, Staffordshire ST6 3LF

AUDITOR

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

MEDALS AND PRIZES 2010

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	Professor M C Sellars
IoM Gold Medal	Dr D Allen
Platinum Medal	Professor G E Thompson
IoM Silver Medal	Dr C Gourlay
Sir Andrew Bryan	Dr C W Corti
Chapman Medal	Professor J Kirkpatrick
Futers Gold Medal	Dr C A Fleming
Griffith Medal/Prize	Professor R W Grimes
Medal for Excellence	Mr A B Watson
Tom Bell Award	Professor J Nicholas

PERSONAL ACHIEVEMENT AWARDS

Colclough Medal	Professor T N Baker
Dowding Medal/Prize	Dr J E J Wadsworth
Frank Fitzgerald Medal	Dr Liam Way
Sir Robert Hadfield Medal & Prize	Mr Craig Friday
Holland Award	Mr Alan Baxter
Holiday Prize	Professor P T Curtis
Hume-Rothery Prize	Professor Schmid-Fetzer
The Colin Humphreys' Education Award	M Martin-Smith, A Preece
Ivor Jenkins	Professor A Boccaccini
Kroll Medal & Prize	Professor K Scrivener
T B Marsden Award	Mr Gwilym Lloyd
Rosenhain Medal/ Prize	Professor M Stevens
Rowbotham Medal	Dr S J Maggs
Swinburne Award	Professor T Peijs
Stokowiec Medal/Prize	Dr John Martin
Thomas Medal/Prize	Haydn Chilcott
Thornton Medal	Dr Ludwig Schultz
Verulam Medal/Prize	Professor M Reece

PUBLICATION AWARDS

Guy Benbough Award	R Narapaju, V B Trindade, H-J Christ, U Krupp P C Holloway, T H Etsell
Billiton Gold Medal	H Mughrabi
Publication awards	A S Bamber, B Klein, R C Pakalnis, M J Scoble
Cook Ablett Award	F R Albor Consuegra, R Dimitrakopoulos
Douglas Hay Medal	Mr Craig Durham
Mann Redmayne Award	E Bernardo, L Esposito, E Rambaldi, A Tucci
Materials World Award	Ms Jennifer Brown
Pfeil Award	A J Benham, P Kovac, M G Petterson, I Rojkovic, M T Styles, A G Gunn, J A McKervey, A Wasy P Kaushik, H Pietel, H Yin
James S Walker Award	
Wardell Armstrong Prize	
Williams Award	

OTHER AWARDS

Royal Charter Prize	Rowan Leary
R H Craven	Han Zhang
A T Green Award	Oliver Croft
Technician of the Year:	
National award	Tom Goodchild
Higher award	Tom Berry
National Lecture Competition	Katie Moore
Young Persons' World Lecture	Jason Myers
Competitions	
Beilby Medal & Prize	Dr S Jayasinghe
Harvey Flower Titanium Prize	Dr David Dye
Charles Hatchett Award	S Bremer, V Flaxa, F M Knoop Professor T N Baker
Vanadium Award	

LOCAL SOCIETY OF THE YEAR

Two new awards 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 Scottish Plastics and Rubber Association. The award for a society with an average attendance of 30 or more people went to the Midland Institute of Mining Engineers.

Outstanding service awards were made by the Local Affairs Board to Mike Beeson, Dave Evetts, Charlie Geddes, David Sleath and Robert Walker.

HONOURS AND AWARDS

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

Knight Bachelor: Professor Colin John Humphreys

Dame Commander of the Order of the British Empire: Professor Athene Margaret Donald, FRS

Commander of the Order of the British Empire: David Radcliffe Stone OBE

Officer of the Order of the British Empire: Dr Deborah Anita Smith

Members of the Order of the British Empire: Hugh James Mackay, Balvinder Singh Sokhi

Fellowship of the Royal Academy of Engineering: Professor Johannes Jacobus Le Roux Cilliers MBA CEng CSci FICHEM FIMMM, Dr Roger Paul Digby CEng FIMMM MWeldI, Professor Patrick Grant CEng FIMMM, Professor Anne Neville FRSE CEng FIMMM FIMechE MICorr, Dr Michael William Weightman CEng CPhys MIMMM MIOp

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. Finally, Council wishes to acknowledge the valuable contribution by Mr Barry Lye who agreed to remain as President for a further year when Dr Suddell was unable to take up the office in 2010.

This report was approved by Council on 31 May 2011.

Mr Jan Lewis, President

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

We have audited the financial statements on pages 14 to 33.

This report is made solely to the charity's trustees as a body, in accordance with the Charities Act 1993. 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

The trustees' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the trustees' report.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the annual report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in accordance with those accounting records or if we have not received all the information and explanations we require for our audit.

We read the annual report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also

evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the group and charity as at 31 December 2009 and of their incoming resources and application of resources in the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

BAKER TILLY UK AUDIT LLP
Statutory Auditor
3rd Floor
Preece House
Davigdor Road
Hove BN3 1RE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Unrestricted funds General £'000	Designated £'000	Restricted funds £'000	Permanent endowment £'000	Total funds 2010 £'000	Total funds 2009 £'000
INCOMING RESOURCES							
Incoming resources from charitable activities							
Membership and related activities		1,351	-	-	-	1,351	1,371
Charitable trading activities	1	4,424	-	-	-	4,424	4,221
		5,775	-	-	-	5,775	5,592
Incoming resources from generated funds							
Voluntary income	2	-	10	2	-	12	2
Activities for generating funds	3	492	-	-	-	492	503
Investment income	4	315	2	53	-	370	377
Total incoming resources		6,582	12	55	-	6,649	6,474
RESOURCES EXPENDED							
Charitable activities							
Membership and related activities		1,933	17	52	-	2,002	2,218
Charitable trading activities	1	3,841	-	-	-	3,841	3,903
		5,774	17	52	-	5,843	6,121
Cost of generating funds							
Activities for generating funds	3	467	-	-	-	467	461
Investment management costs		32	-	-	-	32	26
Governance costs		140	-	3	-	143	145
Total resources expended	5	6,413	17	55	-	6,485	6,753
Net incoming/(outgoing) resources before transfers		169	(5)	-	-	164	(279)
Transfers							
Gross transfers between funds	6	-	-	-	-	-	-
Net incoming/(outgoing) resources before other recognised gains and losses		169	(5)	-	-	164	(279)
Other recognised gains/(losses)							
Gains/(losses) on investment assets		614	7	94	-	715	1,042
Actuarial gains/(losses) on defined benefit pension scheme	21.7	403	-	-	-	403	(527)
NET MOVEMENT IN FUNDS		1,186	2	94	-	1,282	236
Reconciliation of funds							
Total funds brought forward		3,899	3,631	1,665	33	9,228	8,992
TOTAL FUNDS CARRIED FORWARD		5,085	3,633	1,759	33	10,510	9,228

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

BALANCE SHEETS FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Group		Institute	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
FIXED ASSETS					
Tangible assets	8	3,140	3,349	3,140	3,349
Investments	9	8,495	7,786	7,989	7,324
		11,635	11,135	11,129	10,673
CURRENT ASSETS					
Stock and work in progress	11	41	46	7	16
Debtors	12	913	1,020	203	215
Bank balances		99	-	3	-
		1,053	1,066	213	231
CREDITORS: Amounts falling due within one year	13	(2,178)	(2,493)	(1,695)	(2,011)
NET CURRENT (LIABILITIES)		(1,125)	(1,427)	(1,482)	(1,780)
NET ASSETS BEFORE PENSION LIABILITY		10,510	9,708	9,647	8,893
Defined benefit pension scheme liability	21.3	-	(480)	-	(480)
NET ASSETS AFTER PENSION LIABILITY	14	10,510	9,228	9,647	8,413
PERMANENT ENDOWMENT FUND					
	15	33	33	33	33
RESTRICTED FUNDS					
Subsidiary trust funds	16	528	486	-	-
Other restricted funds	17	1,231	1,179	1,231	1,179
UNRESTRICTED FUNDS					
Designated funds	18	3,633	3,631	3,633	3,631
General fund		5,085	3,899	4,750	3,570
TOTAL FUNDS		10,510	9,228	9,647	8,413

The financial statements on pages 15 to 33 were approved and authorised for issue by the trustees on 31 May 2011 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>2010</i> £'000	<i>2009</i> £'000
Reconciliation of the net incoming/(outgoing) resources to net cash flow from operating activities			
Net incoming/(outgoing) resources		164	(279)
Depreciation and amortisation (including profits/losses on sale of fixed assets)		222	221
Interest and dividends receivable		(370)	(377)
Pension contributions		(43)	(63)
Decrease in stocks		5	148
Decrease/(increase) in debtors		107	(160)
Increase in creditors		18	86
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		103	(424)

CASHFLOW STATEMENT

Net cash inflow/(outflow) from operating activities		103	(424)
Returns on investments and servicing of finance	22.1	336	355
Capital receipts less expenditure	22.2	(7)	(680)
INCREASE/(DECREASE) IN CASH		432	(749)

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the year		432	(749)
Net (debt) funds at 1 January 2010		(666)	83
NET (DEBT) AT 31 DECEMBER 2010	22.3	(234)	(666)

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 £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, service development and Hallam Court 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 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 Funds set aside by Council out of unrestricted general funds for specific future purposes or projects.

Restricted funds 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 2010 £'000 2009 £'000

TURNOVER		
Publishing	1,153	1,242
Conferences and exhibitions	287	1,239
Information services	2,646	1,421
Technology improvement awards	112	115
Training services	226	204
Incoming resources	4,424	4,221
COST OF CHARITABLE TRADING ACTIVITIES		
Publishing	629	647
Conferences and exhibitions	312	1,323
Information services	2,591	1,559
Technology improvement awards	125	161
Training services	184	213
	3,841	3,903
NET CONTRIBUTION FROM CHARITABLE TRADING ACTIVITIES		
Publishing	524	595
Conferences and exhibitions	(25)	(84)
Information services	55	(138)
Technology improvement awards	(13)	(46)
Training services	42	(9)
	583	318

2 VOLUNTARY INCOME 2010 £ 2009 £

Donations for medal funds	12	2
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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	2010		2009	
	Unrestricted £'000	Restricted £'000	Unrestricted £'000	Restricted £'000
Listed securities				
Fixed interest	94	33	90	33
UK equities	183	19	198	23
Overseas equities	6	-	9	-
Cash and cash equivalents	-	1	-	2
	283	53	297	58
Return on pension scheme assets	34	-	22	-
	317	53	319	58

5 TOTAL RESOURCES EXPENDED

SUMMARY	2010 '000	2010 £'000	2009 £'000	2009 £'000
Direct charitable costs		3,345		3,560
Employment costs				
Salaries	1,747		1,776	
Social security costs	166		172	
Pension costs	205		140	
Temporary and other staff costs	92		112	
		2,210		2,200
Establishment costs				
Property costs	353		381	
Information technology	105		119	
Depreciation	223		221	
		681		721
Administration costs				
Travel, meeting and committee expenses	102		98	
Postage and telecommunications	52		61	
Printing and stationery	20		27	
Finance costs	30		19	
Professional fees	36		52	
Office and other costs	9		15	
		249		272
		6,485		6,753

FINANCIAL STATEMENTS

5 TOTAL RESOURCES EXPENDED (continued)

BREAKDOWN OF COSTS OF ACTIVITIES	<i>Direct costs</i> £'000	<i>Support costs</i> £'000	<i>2010 Total</i> £'000	<i>2009 Total</i> £'000
Charitable activities				
Membership and related services	839	1,163	2,002	2,218
Charitable trading activities	2,380	1,461	3,841	3,903
	3,219	2,624	5,843	6,121
Costs of generating funds				
Activities for generating funds	94	373	467	461
Investment management costs	32	-	32	26
Governance costs	-	143	143	145
	3,345	3,140	6,485	6,753

SUPPORT COST BREAKDOWN BY ACTIVITY	<i>Employment costs</i> £'000	<i>Establishment costs</i> £'000	<i>Admin costs</i> £'000	<i>2010 Total</i> £'000	<i>2009 Total</i> £'000
Membership and related services	860	223	80	1,163	1,235
Charitable trading activities	1,034	334	93	1,461	1,360
Activities for generating funds	244	107	22	373	453
Governance costs	72	17	54	143	145
	2,210	681	249	3,140	3,193

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>2010 No.</i>	<i>2009 No.</i>
The average number of full time equivalent employees during the year was	54	55
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	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:	2010 £'000	2009 £'000
Auditor's remuneration		
Audit fee – current year	27	26
Accountancy, taxation and other services	3	12
Operating lease rentals		
Land and buildings – leases expiring after five years	152	152
Travel expenses paid to 33 (2009: 38) Council Members for attending Council and other meetings	45	40

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 2010, fees paid to Mining Research Co. UK amounted to £15,000 (2009: £15,000). Mr K Harrison provided technology expertise to IOM Communications Ltd during the year and was paid fees of £10,198 (2009: nil). No other members of the Council have directly or indirectly received any remuneration during the years ended 31 December 2009 and 2010.

6 TRANSFERS BETWEEN FUNDS

	2010 £'000	2009 £'000
Transfer from unrestricted funds to the asset development designated fund to reflect capital expenditure in the year.	-	460
Transfer from the Hallam Court designated fund to unrestricted funds on the settlement of all liabilities relating to the property	-	(14)
	-	446

7 EXTRACTS FROM THE INSTITUTE'S STATEMENT OF FINANCIAL ACTIVITIES

	2010 £'000	2009 £'000
Total incoming resources	2,882	2,549
Net movement in funds	1,233	169

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 2010	405	3,317	896	4,618
Additions in the year	-	9	4	13
Disposals in the year	-	-	-	-
31 December 2010	405	3,326	900	4,631
Depreciation				
1 January 2010	88	432	749	1,269
Provided during the year	8	134	80	222
Disposals in the year	-	-	-	-
31 December 2010	96	566	829	1,491
Net book value				
31 December 2010	309	2,760	71	3,140
31 December 2009	317	2,885	147	3,349

9 INVESTMENTS

	Group		Institute	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Analysis of movements in the year				
Market value at 1 January	7,786	6,744	7,324	6,344
Additions at cost	195	204	195	204
Disposals at opening market value	(188)	(208)	(188)	(209)
Revaluations	702	1,046	658	985
Market value at 31 December	8,495	7,786	7,989	7,324
At the balance sheet date, the portfolio was invested as follows				
<i>Listed investments</i>				
Fixed interest	2,131	2,016	1,997	1,886
UK equities	5,771	5,223	5,399	4,892
Overseas equities	431	385	431	384
<i>Unlisted investments</i>				
Cash and cash equivalents	162	162	162	162
Subsidiary undertakings (note 10)	-	-	-	-
Market value at 31 December	8,495	7,786	7,989	7,324
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)	2,053	1,932	1,918	1,801
Charishare (UK equities common investment fund)	5,761	5,223	5,289	4,881
Blackrock International Equity Fund	431	-	431	-
Historical cost at 31 December	6,890	6,858	6,480	6,447

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 subsidiaries 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.

The Institute exercises dominant influence over the Institute of Packaging. Its results have been consolidated with effect from 1 January 2007.

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 2010.

A summary of the 2010 results and balance sheets of IOM Communications Limited together with comparative figures for 2009 is shown below:

	<i>2010</i>	<i>2009</i>
	<i>Total</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>
Results		
Charitable trading activities	4,424	4,221
Total incoming resources	4,424	4,221
Charitable trading activities	3,841	3,903
Donation to the institute of materials, minerals and mining	580	315
Total outgoing resources	4,421	4,218
Net incoming resources	3	3
Balances brought forward	326	323
Balances carried forward	329	326
Balance sheets at 31 December		
Current assets	1,101	1,157
Creditors: amounts falling due within one year	(772)	(831)
Net current assets	329	326
Shareholders' funds	329	326

The net assets of Materials Institute Services Limited at 31 December 2009 and 2010 were £3,447.

11 STOCK AND WORK IN PROGRESS

	<i>Consolidated</i>		<i>Institute</i>	
	<i>2010</i> £'000	<i>2009</i> £'000	<i>2010</i> £'000	<i>2009</i> £'000
Work in progress	39	30	5	14
Sundry stocks	2	16	2	2
	41	46	7	16

12 DEBTORS

Trade debtors	173	133	74	43
Taxes recoverable	-	2	-	-
Other debtors	23	63	23	63
Prepayments and accrued income	717	822	106	109
	913	1,020	203	215

13 CREDITORS: Amounts falling due within one year

Trade creditors	538	565	213	222
Taxes and social security costs	134	106	134	106
Subscriptions and orders paid in advance	683	687	384	387
Other creditors and accruals	490	469	341	279
Amounts due to subsidiary companies	-	-	291	318
Bank overdraft	333	666	332	699
	2,178	2,493	1,695	2,011

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	<i>Unrestricted funds</i>		<i>Restricted funds</i>	<i>Permanent funds</i>	<i>Total funds</i>
	<i>General</i> £'000	<i>Designated</i> £'000	<i>funds</i> £'000	<i>funds</i> £'000	<i>funds</i> £'000
Tangible fixed assets	-	3,140	-	-	3,140
Investments	6,459	493	1,510	33	8,495
Current assets	804	-	249	-	1,053
Current liabilities	(2,178)	-	-	-	(2,178)
Net assets before pension liability	5,085	3,633	1,759	33	10,510
Pension liability	-	-	-	-	-
Total net assets	5,085	3,633	1,759	33	10,510

FINANCIAL STATEMENTS

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

	Unrestricted funds		Restricted funds	Permanent funds	Total funds
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Institute					
Tangible fixed assets	-	3,140	-	-	3,140
Investments	6,423	493	1,040	33	7,989
Current assets	22	-	191	-	213
Current liabilities	(1,695)	-	-	-	(1,695)
Net assets before pension liability	4,750	3,633	1,231	33	9,647
Pension liability	-	-	-	-	-
Total net assets	4,750	3,633	1,231	33	9,647

15 PERMANENT ENDOWMENT FUND

	Balance at	Incoming	Resources	Investment	Transfers	Balance at 31
	1 January	Resources	expended	gains/	between	December
	2010	£'000	£'000	(losses)	funds	2010
	£'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	Investment	Transfers	Balance at 31
	1 January	Resources	expended	gains/	between	December
	2010	£'000	£'000	(losses)	funds	2010
	£'000	£'000	£'000	£'000	£'000	£'000
Andrew Carnegie Trust Fund	407	14	(15)	38	-	444
Metals & Metallurgy Trust Fund	79	3	(4)	6	-	84
	486	17	(19)	44	-	528

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 2010 £'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 2010 £'000</i>
Stanley Elmore Fellowship	611	22	(22)	9	-	620
Bosworth Smith Trust	184	6	(5)	16	-	201
Tom Seaman Travelling Scholarship	180	6	(5)	16	-	197
Edgar Pam Fellowship	73	2	(2)	5	-	78
G Vernon Hobson Bequest	46	2	(2)	4	-	50
Other funds	20	-	-	-	-	20
Prize funds	65	-	-	-	-	65
	1,179	38	(36)	50	-	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.

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	<i>Balance at 1 January 2010 £'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 2010 £'000</i>
18 DESIGNATED FUNDS						
Asset development fund	3,350	-	-	-	-	3,350
Services development fund	96	10	(16)	-	-	90
Sir Julius Wernher Memorial Fund	94	2	(1)	7	-	102
Packaging education fund	50	-	-	-	-	50
Materials education	24	-	-	-	-	24
Robert A Moore Fund	17	-	-	-	-	17
	3,631	12	(17)	7	-	3,633

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>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
19 UNREALISED GAINS/(LOSSES)				
General fund	1,412	835	1,412	835
Designated funds	7	1	7	1
	1,419	836	1,419	836
Restricted funds	186	92	90	40
	1,605	928	1,509	876

20 CAPITAL COMMITMENTS

The Institute had no capital commitments at the year end.

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 who delegate routine administration to Keith Tudor Financial Services.

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 16 current staff members and 105 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 2010 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:

Years ended	2010 % p.a.	2009 % p.a.
Discount rate	5.40	5.80
Price inflation – pre-retirement (RPI)	2.60	3.40
Price inflation – post-retirement current pensioners (RPI)	3.20	3.70
Price inflation – post-retirement non-pensioners (RPI)	4.00	4.20
Future salary increases	3.10	4.90
Rate of increases of pensions in payment – current pensioners	3.10	3.50
Rate of increases of pensions in payment – non-pensioners	3.80	4.00
Rate of increase for deferred pensioners pre 2009	1.85	3.40
Rate of increase for deferred pensioners post 2009	1.85	2.50
Expected return on scheme assets at 31 December	6.30	6.80

FINANCIAL STATEMENTS

21 PENSION SCHEMES (continued)

The overall expected return on assets assumption of 6.30% at 31 December 2010 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 3.45% above that available for UK government securities
- Property: Allowance for an additional return of 3.45% 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 31/12/2010		Year ended 31/12/2009	
	Males	Females	Males	Females
Pension commutation for cash at retirement	90% of the maximum tax-free cash commuted.			
Mortality pre-retirement	AMCOO/AFCOO combined			
Mortality post-retirement	S1Amc (yob), minimum improvement = 1% p.a.			
Life expectancy for a current 65 year old	21.0 years	23.6 years	20.9 years	23.5 years
Life expectancy	23.9 years	25.5 years	22.8 years	25.4 years

21.3 AMOUNTS RECOGNISED IN THE BALANCE SHEET FOR DEFINED BENEFIT SCHEME

	2010 £'000	2009 £'000
Present value of liabilities	(6,823)	(6,871)
Market value of scheme assets	7,210	6,391
Assets not recognised due to FRS 17 limit	(387)	-
Pension scheme liability recognised in the balance sheet	-	(480)

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 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. If the surplus were recognised it would amount to £387,000.

21.4 CHANGES IN THE VALUE OF SCHEME LIABILITIES IN THE YEAR

Opening liabilities	(6,871)	(5,539)
Service cost	(74)	(56)
Interest cost	(401)	(334)
Member contributions	(51)	(52)
Benefits paid	70	57
Actuarial (losses)/gains	504	(947)
Closing liabilities	(6,823)	(6,871)

21.5 CHANGES IN THE MARKET VALUE OF SCHEME ASSETS IN THE YEAR

Opening scheme assets	6,391	5,501
Expected return	435	356
Actuarial gains/(losses)	286	420
Employer contributions	117	119
Member contributions	51	52
Benefits paid	(70)	(57)
Closing scheme assets	7,210	6,391
Amount recognised in balance sheet	6,823	6,391

21.6 MAJOR CATEGORIES OF SCHEME ASSETS

	%	%
Equities	65	66
Corporate bonds	11	8
Government bonds	10	12
Properties	3	3
Cash	6	6
Other assets	5	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	74	56
Interest on obligations	401	334
Expected return on scheme assets	(435)	(356)
Net charge	40	34

The actual return on scheme assets was £1,021k (2009 - £776k).

The Institute expects to contribute £122k to its defined benefit pension scheme in 2011. 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 2010 were £403k and the cumulative losses recognised from 2002 to 2010 amounted to £277k.

21.8 HISTORY OF SCHEME ASSETS, FUNDING OBLIGATIONS, EXPERIENCE GAINS AND LOSSES

	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Scheme liabilities	(6,823)	(6,871)	(5,539)	(5,973)	(5,203)
Scheme assets	7,210	6,391	5,501	5,795	5,033
Scheme surplus / (deficit)	387	(480)	(38)	(178)	(170)
Experience adjustments on scheme obligations	246	-	149	(57)	55
Change of basis adjustments to scheme obligations	258	(947)	592	2	841
Experience adjustments on scheme assets	286	420	(733)	131	228

FINANCIAL STATEMENTS

21 PENSION SCHEMES (continued)

21.9 OUTSTANDING PENSION CONTRIBUTIONS AT THE YEAR END

Contributions for the defined benefit scheme amounting to £14k (2009 – £14k) were outstanding at the year-end. Contributions for the defined contributions schemes amounting to £5k (2009 - £5k) were outstanding at the year-end.

22 GROSS CASH FLOWS

22.1 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2010		2009	
	£'000	£'000	£'000	£'000
Interest received	1		2	
Dividend income	335		353	
		336		355

22.2 CAPITAL EXPENDITURE

Payments to acquire tangible fixed assets	(13)		(680)	
Purchase of investments	(195)		(204)	
Receipts for sale of investments	201		204	
		(7)		(680)

22.3 ANALYSIS OF CHANGES IN NET FUNDS

	At 01.01.10 £'000	Cash flows £'000	Other changes £'000	At 31.12.10 £'000
Cash at bank and in hand	-	99	-	99
Bank overdraft	(666)	333	-	(333)
	(666)	432	-	(234)



